

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

London, Thursday, June 4, 1998

No. 35,848

Enemies in Apartheid Side Against Botha

Bishop and Killer Accuse Ex-President

By Lynne Duke
Washington Post Service

GEORGE, South Africa — Archbishop Desmond Tutu and Eugene de Kock, a multiple murderer serving 212 years in prison, ended up on the same side of the law Wednesday.

With one seeking national reconciliation and the other seeking his own brand of justice, both men testified for the prosecution in the case against former President P. W. Botha, 82, the last of the hardline leaders of apartheid. Mr. Botha is charged with contempt for refusing to appear before the Truth and Reconciliation Commission and refusing to discuss with the commission the policies from his administration that were widely interpreted as a license to kill.

"They want to eat lamb, but they don't want to see the blood and guts," Mr. de Kock, a former police colonel, said as he described Mr. Botha and other apartheid-era political leaders as "cowards" for not owning up to the murderous policies that men like Mr. de Kock carried out on behalf of the state.

Mr. de Kock, known as Prime Evil for his adeptness at death, was part of a breed of hit squad operatives who

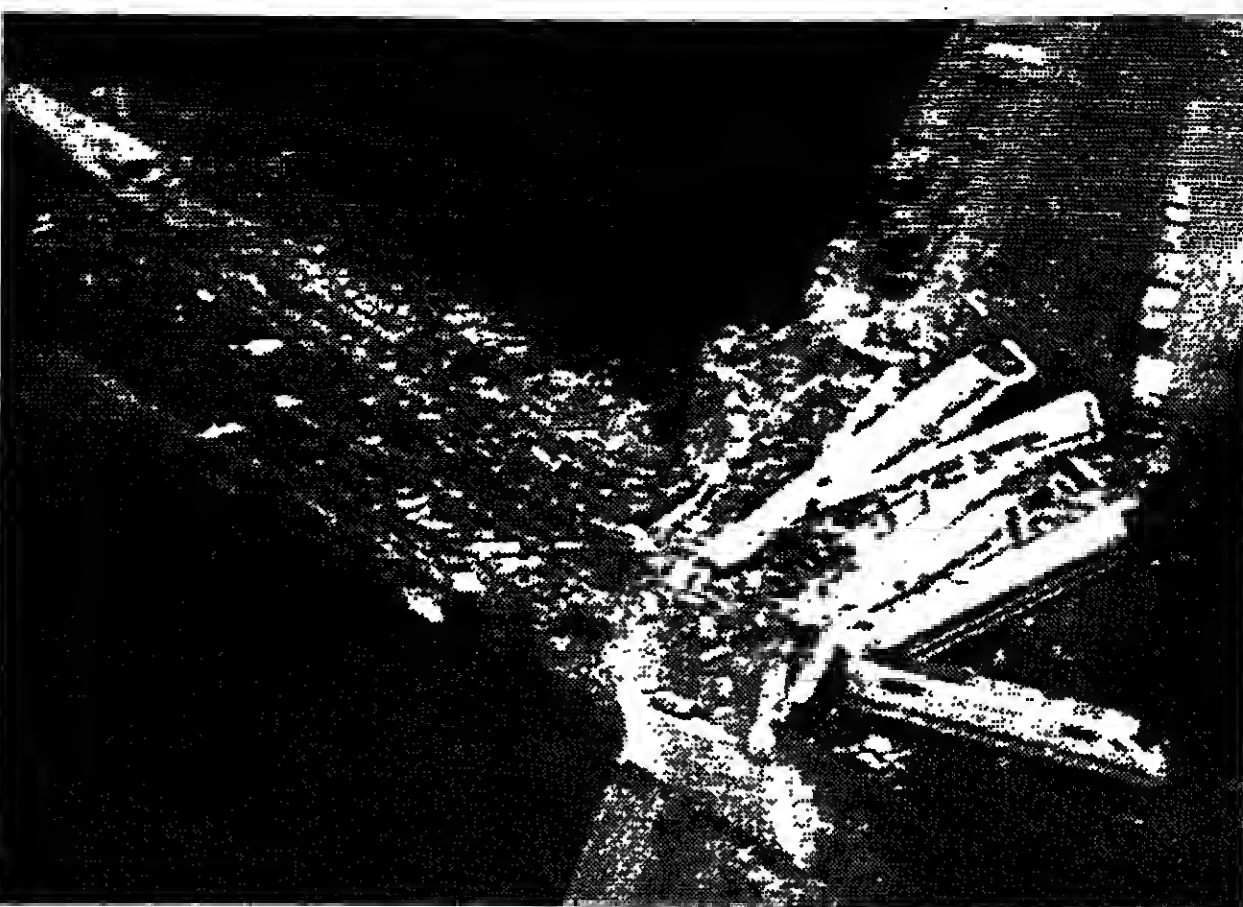
were deployed to fight the anti-apartheid movement in the 1970s and 1980s, when Mr. Botha was defense minister, prime minister and state president, until his retirement in 1989.

Mr. de Kock described the 90 kilograms of explosives, silenced Uzis, grenade launchers and reconnaissance tactics that he and about 15 other police officers used in a covert mission to bomb an office building in 1988 where the South African Council of Churches was headquartered. A Botha cabinet minister has previously stated in a sworn affidavit that the order for the bombing, in which 21 people were injured, came from Mr. Botha. Mr. de Kock also said he received the police Star of Excellence, approved by Mr. Botha, for the 1982 bombing of the headquarters of the African National Congress in London.

Archbishop Tutu, chairman of the commission, described the pains that he and the truth commission took to convince Mr. Botha to speak of the policies of the State Security Council over which he presided and help solve the riddle of unsolved humiliations of the past. The commission had no in-

See BOTHA, Page 8

100 Killed in German Train Crash



Wreckage of the high-speed German train was tangled with the tracks and the bridge that collapsed in Eschede.

Many Children In Wreckage; A Nightmare Under Bridge

By Alan Cowell
New York Times Service

ESCHEDÉ, Germany — In a catastrophe that no one could immediately explain, a high-speed passenger train roaring through northern Germany at 200 kilometers an hour smashed into a concrete bridge pillar and derailed on Wednesday, killing at least 100 people, possibly including children on a school excursion.

It was the worst rail crash in postwar German history, and it stunned the country.

The Lower Saxony state Interior Ministry spokesman, Frank Lukashewski, confirmed that 100 bodies had been recovered. The final death toll was thought likely to climb. Some reports said nearly 300 people were injured.

"There were legs, arms, from adults and children, men and women," a rescue worker said.

Gerhard Bleyl, who lives near the tracks, said, "You could hear children crying for their mothers."

"This is the worst thing I have ever seen," said a fire service officer, Andreas Koch.

On its 800-kilometer (500-mile) journey from Munich to Hamburg, Inter-City 884 had been right on time at 10:59 A.M. as it approached this quiet town of 6,000 people, 50 kilometers north of Hannover.

Then the routine journey for one of the sleek, silver-and-red trains that Germans Railroads call their safest turned to terror for hundreds of passengers.

The bullet-riddled locomotive pulling the 13-car train sped under a road bridge as the cars behind it spun out of control, according to accounts by rescue workers and railroad officials.

"I saw nothing on the tracks as I went under the bridge," said the engineer, who survived unharmed. His name was not immediately made public.

"Then there was a vibration," he told German television. "Then the automatic brakes came on."

The brakes came on, railroad officials said, because the locomotive had been severed from the rest of the 400-meter-long train. Two cars immediately behind it remained crookedly on the tracks. Then more of them careened over a leafy embankment.

Then, the bridge came crashing down, hurling two cars full of people as five or six more cars folded together like playing-cards to create a sculpture of horror.

The cars were so crumpled that it was difficult to determine exactly how many of them there were.

Then, for a moment, all was quiet. "There was the silence of the dead," said Mr. Bleyl, a former mineworker, who said he was among the first to arrive at the wreck. "Then we saw about 20 or 30 people who had managed to escape. No one said anything. Then we heard whimpering and screams."

Railroad officials and police said they believed that two separate groups of schoolchildren might have been aboard the train and were in the cars trapped under the debris of the collapsed road-bridge. Medical workers set up a field hospital to perform emergency surgery

Death Toll In Jakarta Put at 1,188

By Seth Mydans
New York Times Service

JAKARTA — Singing, chanting, blowing kisses, waving flags, Jakarta's students were out in force again Wednesday in motorcades of buses and cars that wove through the city demanding, in the happiest manner possible, the downfall of the government.

Bursting with the energy of youth, flush with their recent victory in helping to oust former President Suharto, the students seemed to have become an unstoppable force, maintaining their country's momentum for democratic change.

The military turned out in large numbers along the students' route, blocking key intersections with cordons of soldiers armed with metal staffs and automatic weapons.

Though they exchanged smiles and thumbs-up signals with the students, the soldiers were a reminder that demonstrations here can turn violent and deadly.

In another reminder, the country's leading human rights group released a report Wednesday that said at least 1,188 people had died in Jakarta in riots that swept the city from May 12 to May 15 after at least four students were shot and killed in a demonstration on the campus of Trisakti University.

The number was more than double the initial estimate released by the military.

The student demonstrators Wednesday rejected the slow, deliberate constitutional procedures outlined Tuesday in an interview by President B.J.

See INDONESIA, Page 5

See TRAIN, Page 8

AGENDA Heavy Fighting In Horn of Africa

Heavy fighting broke out early Wednesday between Ethiopian and Eritrean troops along their common border, dealing a serious blow to diplomatic efforts to avert full-scale war between the former allies, Eritrean officials and witnesses said. The Ethiopian troops used tanks and heavy artillery in the assault, Eritrea said. Page 9.

JERRY BROWN WINS
The former California governor has been elected the new mayor of Oakland. Page 3.

Chunnel Rail Link

The British government endorsed a new plan Wednesday for a high-speed rail link to the Channel Tunnel. But there was no guarantee that the entire link to Central London would be built any time soon. Page 15.

The Dollar

	Wednesday @ 4 P.M.	previous close
New York	1.7893	1.7805
DM	1.639	1.6394
Pound	1.639	1.6394
Yen	138.50	138.695
FF	5.9345	5.97

The Dow

	Wednesday close	previous close
Dow Jones	8803.80	8891.24
S&P 500	1062.89	1069.22

change Wednesday @ 4 P.M. previous close
-10.53 1062.89 1069.22

Books.....Page 9.
Crossword.....Page 6.
Opinion.....Pages 10-11.
Sports.....Pages 22-23.
The IHT on-line www.ihf.com

Clinton Backs China's Trade Status

President, Citing New Nuclear Race, Calls Beijing Key to Stability

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton moved Wednesday to renew most-favored-nation trade treatment for China, saying that the nuclear tests by India and Pakistan demonstrated an urgent need to maintain constructive relations with a country that looms over the region in both bulk and might.

"Not to renew would be to sever our economic and, to a large measure, our strategic relationship with China," Mr. Clinton said. He said it would mean turning our back on a fourth of the world at a time when our cooperation for world peace and security is especially important in light of the recent events in South Asia.

The president denounced the nuclear

tests by both sides as "self-defeating, wasteful and dangerous."

He added: "The international community must come together and move them to reverse course."

At the same time, Secretary of State Madeleine Albright, appearing with Mr. Clinton, called on the Pakistani and

A call for CIA overhaul - France points to India-China ties. Page 4.

Indian governments to "cool it." The nuclear tests, she added, posed "an immediate threat to international peace."

Mrs. Albright spoke hours before leaving for Geneva, where representatives of the five permanent members of the United Nations Security Council will seek, she said, to "prevent the current

very bad situation from going worse."

Mrs. Albright said Washington wanted India and Pakistan to halt all nuclear testing and not to deploy nuclear weapons or fit warheads on missiles.

Mr. Clinton praised China for agreeing to chair the Geneva meeting, calling this "evidence of the important role China can play in meeting the challenges of the 21st century," and of "the constructive Chinese leadership" needed to resolve long-term issues in South Asia.

He cited such cooperation, and a growing trade relationship, in justifying renewal of the trade status. "Our exports have tripled over the last decade and now support over 170,000 American jobs," Mr. Clinton said.

The trade status allows Chinese goods

See CHINA, Page 8

New Forces Vow Strike In France

By Barry James
International Herald Tribune

PARIS — French transportation faced further threats of disruption on Wednesday as workers said they would stage walkouts before or during the World Cup soccer tournament, joining striking airline pilots in holding the nation ransom as it prepares for the world's most-watched sporting event.

President Jacques Chirac, dining with the French soccer team Wednesday night, urged workers not to

The pilots' strike comes as no surprise. News analysts, Page 6.

rain the tournament, which has been five years in preparation. He said that the eyes of the world would be on France, and that the welcome for visitors must be "exceptional and perfect."

Railroad workers, however, threatened to worsen transportation chaos in the country by walking out as the 32-nation tournament gets under way next week.

For the third straight day, most flights by the state carrier Air France were grounded on Wednesday as the pilots continued negotiations with management at Charles de Gaulle International Airport.

See STRIKE, Page 8

Lewinsky Sends a Signal She's Looking for a Deal

In Exchange for Immunity, She Would Testify

By Peter Baker
Washington Post Service

WASHINGTON — In shaking up her legal team this week, Monica Lewinsky sent a strong message to prosecutors that she wants to cut a deal in which she would agree to testify whether she had an affair with President Bill Clinton in return for protection from prosecution, according to lawyers close to the case.

With the independent counsel, Kenneth Starr, moving closer to a decision on whether to indict the former White House intern for perjury or other charges, Ms. Lewinsky on Tuesday replaced her lawyer, William Ginsburg, with a pair of Washington's most seasoned white-collar criminal attorneys, Jacob Stein and Plato Cacheris.

The choice signaled a return to the strategy of negotiation with Mr. Starr rather than confrontation. While Mr. Ginsburg publicly criticized the independent counsel as a "monster," Mr. Stein and Mr. Cacheris are better known for working out agreements to avoid trials, having played prominent roles in some of Washington's most famous scandals.

The two new lawyers wasted little time reaching out to Mr. Starr by dropping by his office to meet with prosecutors even before Mr. Ginsburg was informed of the change.

Mr. Ginsburg, a Los Angeles medical malpractice lawyer unfamiliar with criminal law or Washington politics,

became a familiar figure on television early in the investigation. But his often contradictory statements ultimately convinced the family that he was undermining Ms. Lewinsky's legal position, according to people close to the situation.

Mr. Ginsburg received word of the switch Monday in a telephone call from Ms. Lewinsky, shortly before she emerged from a Washington office building to showcase her two new lawyers before television cameras. Accompanying them was Nathaniel Speights, a Washington criminal defense lawyer who will continue on her team.

In drawing a sharp contrast with the loquacious Mr. Ginsburg, her new lawyers appeared for just a few moments and said virtually nothing to reporters.

The family issued a statement calling the decision a "mutual agreement" and expressing gratitude for Mr. Ginsburg's work. In an interview, Mr. Ginsburg denied that he had been dismissed, saying he consented to the move because his "strained relations with Mr. Starr and my strong feelings about the impropriety of his approach" may have made it too problematic for him to represent her.

Mr. Stein and Mr. Cacheris are among Washington's most well-connected and experienced attorneys. Mr. Stein brings the experience of having once been in Mr. Starr's position, serving as an independent counsel himself during the 1980s investigation of

See LAWYERS, Page 8

Ethnic Albanians' Flight Evokes Fear of Wider War

By Christine Spoler
Washington Post Service

PADESH, Albania — Weary ethnic Albanians from Kosovo, fleeing Serbian soldiers down kilometer after kilometer of rocky and isolated goat paths, are pouring into northern Albania, raising concern that the strife in Kosovo could spill beyond the borders of the tense Serbian province.

With no sign of a lull in sight, a major Serb assault on ethnic Albanian villages in Kosovo drove a new wave of refugees into Albania on Wednesday and sent thousands more seeking the safety of border highlands. The Serb offensive is aimed at crushing re-

sistance to their authority in the secessionist province of southern Serbia, where ethnic Albanians outnumber Serbs by 9 to 1.

Tropeje, which is 5 kilometers from the border and has become the center of the international relief effort, is overwhelmed with refugees. Residents there are trying to help, with some taking as many as 18 people into their homes.

More than 1,600 refugees have registered for assistance with representatives of the United Nations High Commissioner for Refugees in the town of Tropeje. International aid workers were getting reports that about 2,000 additional refugees had reached Albania and could be in Tropeje within days.

"It will put a huge strain on this region, which is one of the poorest in Europe," said Andrew Harper, a field officer for the UN refugee commission. "The coming week is critical."

New arrivals say that villages throughout western Kosovo have been emptied of people during an offensive by Serbian military forces.

Dozens of people are reported to have been killed. Several villages have been burned to the ground and thousands of people are now homeless.

The Serbian military drive in Kosovo, where ethnic Albanians make up 90 percent of the population, is the

See KOSOVO, Page 8

See RUSSIA, Page 9

Newsstand Prices

Bahrain	1,000 BD	Malta	55 c
Cyprus	£ 1.00	Nigeria	1200 Naira
Denmark	14.00 Dkr	Oman	1,250 QR
Finland	12.00 FM	Qatar	10.00 QR
France	£ 0.85	Rep. Ireland	£ 1.00
Great Britain	£ 0.80	Saudi Arabia	10 SR
Germany	DM 5.50	S. Africa	R12 + VAT
Japan	1,250 JD	U.A.E.	10.00 Dh
Spain	100 Ptas	U.S. (incl. Post)	\$ 1.20
Sweden	700 Fim	Zimbabwe	Zim\$40.00



Unsafe and Underground / A High Death Rate

Abortion in Africa Takes Heavy Toll

By Howard W. French
New York Times Service

ABIDJAN, Ivory Coast — In a panic when she found herself pregnant for the first time three years ago, Fernande Aka, a slender, soft-spoken high school senior, drank a concoction of nearly frozen Coca-Cola and wine mixed with a heavy dose of sugar that her schoolmates swore would make an unwanted pregnancy go away.

When that did not work, she felt she had no choice but to approach her mother, who took her one morning to a public hospital and after hushed hallway negotiations with medical personnel there paid \$60 for the illegal termination of the two-month-old pregnancy.

Last year, when Miss Aka got pregnant again, she and her boyfriend decided to forgo the embarrassment of dealing with parents and scraped together about \$30, which they took to an undercover abortion clinic.

"The doctor took new patients, three of us at a time, into his clinic, and we were all treated very quickly," Miss Aka said. "There was no anesthesia, he just kept talking to me the whole while. Within 15 minutes we were on our way."

That night, however, Miss Aka's troubles began with heavy bleeding and abdominal pains that still come and go, as do unusual vaginal discharges. Worse, she suspects she is sterile.

In a cruel sense, Miss Aka, who is now 19, is very lucky. She has already seen several classmates die from self-administered abortions.

All across Africa, where all but a

handful of governments outlaw abortion, statistical indications of the consequences of clandestine procedures are appalling.

In one country after another, problems related to pregnancy are the leading cause of death for women of child-bearing age, with complications from abortion consistently ranking at the top of this list. In Ethiopia, for example, 53 percent of maternal mortality stems from illegal abortion. In Nigeria, fully half of the deaths among pregnant women can be traced to this cause.

According to a recent World Health Organization study, 58 women are known to die each day on this continent from the consequences of attempting to end their pregnancies using homemade "cures" or in unsafe underground clinics.

Many public health experts, however, say this figure probably represents an infinitesimal tip of the iceberg.

"Forty percent of the women who come to Trecheville hospital come because of traditional or back-alley abortions," said a doctor at one of this city's largest hospitals who spoke on the condition of anonymity. "Between 16 and 18 percent of these women die without leaving the hospital."

Dr. Christiane Welkens, director of obstetrics at Yopougon University Hospital Center, one of Abidjan's largest public hospitals, said: "Twenty percent of the women who die during pregnancy die from the consequences of clandestine abortion. This represents the central drama of reproductive health in Africa. And the women who do not die are condemned to bear heavy consequences for their health far into the future, from sterility to chronic pain to psychological scars."

Despite this toll, because of persistent inequalities between men and women, poverty and low literacy rates, the legal status of abortion receives little of the public discussion in Africa that has made it a central political issue in the United States. In fact, the reproductive health care needs of women in general scarcely figure in the public policy debate.

"In many of our countries abortion is treated as a symptom of moral weakness, with a stigma of looseness attached to the woman who undergoes

the procedure," said Dr. Pape Syr Diagne, director of the Center for Family Studies in Nairobi, a nonprofit organization that conducts training and research in reproductive health. "Abortion is a sensitive topic in any country, but in much of Africa, its public discussion is virtually taboo."

In Ivory Coast, as in most of the former French colonies in Africa, laws forbidding abortion derive from French legislation of the 1920s that punished "incitement to abortion and

the distribution of contraceptives."

During his first three decades in power, Ivory Coast's founding father, the late President Felix Houphouët-Boigny, encouraged people to have large families and forbade Western aid groups from organizing birth control or family-planning activities in the country.

Mr. Houphouët-Boigny's approach grew out of the belief commonly held in much of post-independence Africa that the continent was too underpopulated to develop economically, because of factors ranging from tropical disease to the slave trade.

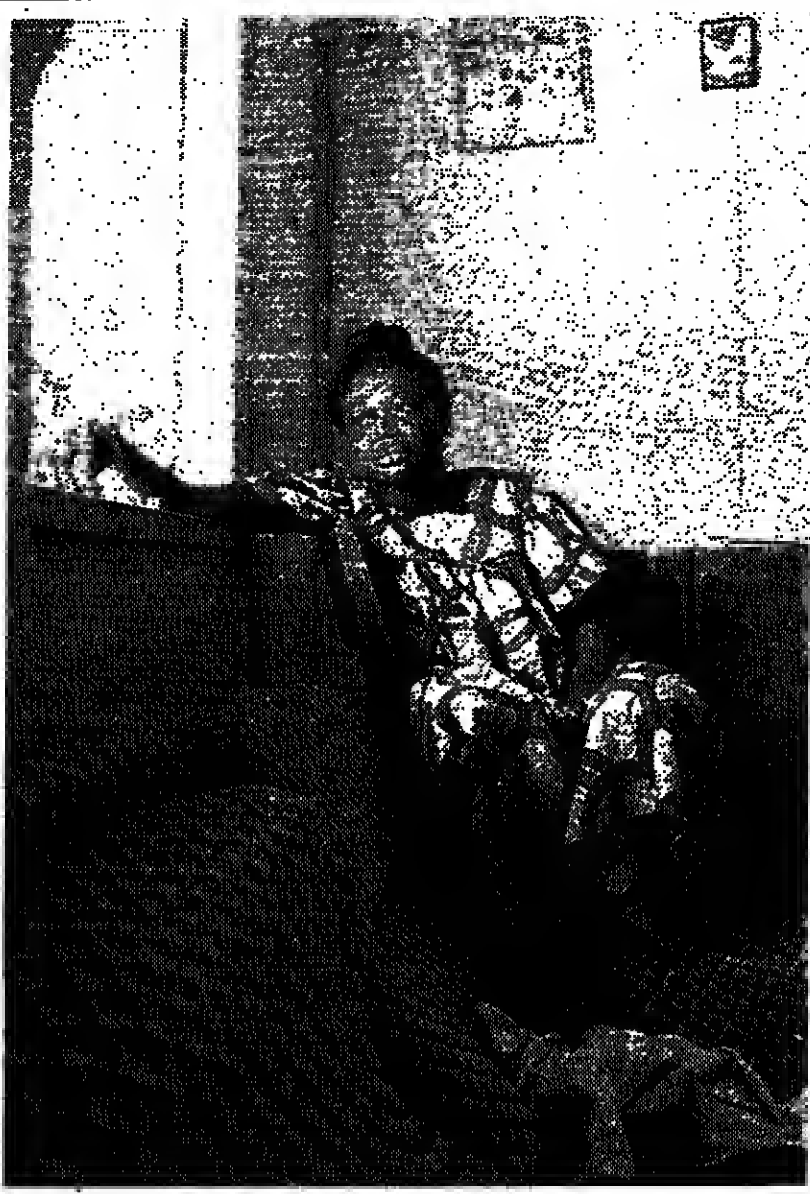
This policy, combined with social traditions that measure a family's wealth by the number of children and, in many places, with the influence of the Roman Catholic Church's prohibition on artificial means of birth control, have severely impeded any campaigns for modern family planning or legalized abortion.

"Things have relaxed here somewhat since Houphouët," said an official at one major international aid agency in Abidjan who spoke on condition of anonymity. "But the government would still like us not to make too much noise about birth control, and is certainly not interested in having a debate about abortion."

At the Ministry of Health in Abidjan, officials say flatly that the country is "just not ready" for legalized abortion, and in fact, may never be.

"Abortion is not a means of birth control, and legalizing it would make people think that we were advocating it as such, which is definitely not the message we want to express," said Dr. Robert Ezzo, a Health Ministry official. "The ministry is far more concerned with prevention from the

At right, Fernande Aka, 19. The Abidjan resident fears she is sterile after undergoing two abortions



Robert Groussard/The New York Times

outset, to avoid even the notion of unwanted pregnancies."

Miss Aka spends much of her time regretting that she had not been better informed about her choices before her second pregnancy. After her first abortion, she said, she had taken birth control pills for a while, but abandoned them and other forms of contraception when she felt chest palpitations.

These days, the shy but articulate high school student is preparing for the baccalaureate examination that will determine whether she will be admitted to university next fall, allowing her, she hopes, to achieve her dream of becoming a French language teacher some day.

She is also desperately scraping together money to determine the vi-

ability of another dream: eventually having children.

At the clinic where her second abortion was performed, the doctor told her that she would need to have three tests done to see if she is still fertile. The tests cost a total of \$35, a sum she would have difficulty raising without the help of her mother, whom she was too afraid to tell about her second abortion.

"While I was waiting to see the doctor I sat next to a couple of young students who were about to have an abortion," Miss Aka said. "I told them what had happened to me and asked them if they were sure they wanted to go ahead. The girl didn't say anything, but the boy turned to me and said: 'We don't have the money to raise a child now. It is too late to turn back.'"

Sheikh Shaaban, Sunni Cleric, Is Dead

The Associated Press

BEIRUT — Sheikh Saeed Shaaban, 69, the fiery Sunni Muslim cleric who led a militia force during the Lebanese civil war two decades ago, advocating Islamic rule in the land of multiple faiths, died Monday.

The Tawheed, or Unification Movement, headed by the sheikh, said in a statement that the cleric suffered a heart attack after returning home from evening prayers at a mosque in the northern port of Tripoli.

The bearded "emir" of the Tawheed dominated the life of Tripoli, Lebanon's second-largest city, in the early 1980s when the country was fractured into sectarian mini-states.

He wrested control of Tripoli's streets from its moderate traditional politicians and became a leading Sunni fundamentalist in this Muslim-Christian nation of

3.2 million people. In 1983, he sided with the Palestinian leader, Yasser Arafat, and his Palestine Liberation Organization guerrillas who made a last stand in Tripoli before being evacuated by sea to Tunisia after a siege by Syrian-backed Lebanese leftist militias.

Dorothy Stickney, 101, Broadway's Vinnie Day
NEW YORK (NYT) — Dorothy Stickney, 101, who created the role of the mother in "Life With Father" and also appeared in many other Broadway hits during a career that spanned more than 50 years, died Tuesday at her home in Manhattan.

"Life With Father," by Howard Lindsay (Miss Stickney's husband) and Russel Crouse, opened at the original Empire Theater on Nov. 8, 1939.

When it closed after seven years and 3,224 performances, it was — and it still is today — the longest running nonmusical show in Broadway history.

The Lindsays, who were among the most celebrated acting couples in the United States, played the leading roles of Clarence and Vinnie Day for five years.

Based on Clarence Day's reminiscences about his youth in New York in the 1880s, the play told the story of a large family, led by a frequently exasperated father, tempered by his charming wife who put up with all his temperamental and crochety behavior.

Leon Lianides, 81, Owner of Coach House
NEW YORK (NYT) — Leon Lianides, 81, the demanding owner of the Coach House restaurant in Greenwich Village, died on Monday at his home in Riverdale, the Bronx.

He had been in declining health since suffering a head injury in a car accident in 1991, his wife, Aphrodite, said Tuesday.

In 1949, when fine dining in America meant French cuisine, Mr. Lianides started his restaurant, determined to create a first-class establishment devoted primarily to American food.

Helen Carter, 70, Country Music Singer
NASHVILLE, Tennessee (AP) — Helen Carter, 70, who sang with the seminal country music group the Carter Family, died Tuesday at Vanderbilt University Medical Center.

She stopped performing about three years ago because of her health, and a sister, Anita Carter, said she had been hospitalized for most of the past year because of stomach problems.

Willis Armstrong, 86, a former assistant secretary of state who served on a senior review panel of the Central Intelligence Agency during the early 1980s, died Sunday. Mr. Armstrong began his

government career in 1939 in Moscow as a Russian translator and interpreter for the U.S. Embassy. After World War II, he transferred to the State Department in Washington as an adviser on international trade.

Joyce Ingram, 42, a deputy managing editor of The Virginian-Pilot in Norfolk, Virginia, died Tuesday after a sudden and undisclosed illness. She had worked at the newspaper since 1994, after a decade at the Philadelphia Daily News.

John McKelway, 72, a columnist for two generations of Washington-area readers of The Evening Star and then The Washington Times, died of cancer Monday. Mr. McKelway wrote "The Rambler" column from the late 1950s until The Evening Star folded in 1981. He moved to The Washington Times.

Joseph (J.R.) Russo, 67, a reputed captain of the New England mafia and convicted murderer, died of throat cancer Monday in a federal prison hospital in Missouri.

Free Reports
The Risks And Rewards Of Trading Foreign Exchange
The World's Largest Marketplace
Preparing & Benefiting from Stock Market Uncertainty, Interest Rate Hikes, EMU, and the Asian Market Crisis

Prepare for tomorrow's major market moves by calling for our complimentary reports and services guide **Toll-Free today**

Australia	1800125844	Belgium	0800135850	Brazil	0800118215315
Canada	800120857	Denmark	0800135850	France	0800118215315
Germany	0800120857	Greece	0800118215315	Italy	0800120857
Hong Kong	800987208	Japan	0331128689	Korea	0338110243
Malaysia	800987208	Netherlands	0800120857	Norway	0800118215315
Portugal	050112832	Singapore	800120857	Spain	0800120857
Sweden	0800120857	Switzerland	0800120857	Taiwan	0800120857
Thailand	0800120857	USA	1800125844	UK	0800120857

For other countries, please contact your nearest office.

Vatican Selects El Al

JERUSALEM (AP) — The Vatican has chosen Israel's national carrier, El Al, as the official pilgrim airline for the millennium, an El Al spokesman said Wednesday.

An estimated 7 million tourists are expected to fly to the Holy Land during 2000, and El Al has added eight planes to handle the extra passengers, said Naim Kileman of El Al.

El Al was chosen by Opera Romana, an organ of the Vatican responsible for

organizing pilgrimages to the Holy Land during the millennium.

Cyprus Airways Strike

NICOSIA (AFP) — Dozens of flights in and out of Cyprus will be grounded on Friday when about 1,000 staff members at the national carrier Cyprus Airways stage a 24-hour strike.

The Cyprus commerce minister, Nicos Rolandis, warned that the stoppage would wreak untold damage at the start of the island's peak holiday season.

TRAVEL UPDATE

Europe

Country	Today	Tomorrow	Day After
Algeria	15/20	15/20	15/20
Andorra	15/20	15/20	15/20
Austria	15/20	15/20	15/20
Belgium	15/20	15/20	15/20
Bulgaria	15/20	15/20	15/20
Croatia	15/20	15/20	15/20
Czechia	15/20	15/20	15/20
Denmark	15/20	15/20	15/20
Estonia	15/20	15/20	15/20
Finland	15/20	15/20	15/20
France	15/20	15/20	15/20
Germany	15/20	15/20	15/20
Greece	15/20	15/20	15/20
Hungary	15/20	15/20	15/20
Ireland	15/20	15/20	15/20
Italy	15/20	15/20	15/20
Latvia	15/20	15/20	15/20
Lithuania	15/20	15/20	15/20
Malta	15/20	15/20	15/20
Netherlands	15/20	15/20	15/20
Norway	15/20	15/20	15/20
Poland	15/20	15/20	15/20
Portugal	15/20	15/20	15/20
Romania	15/20	15/20	15/20
Slovakia	15/20	15/20	15/20
Slovenia	15/20	15/20	15/20
Spain	15/20	15/20	15/20
Sweden	15/20	15/20	15/20
Switzerland	15/20	15/20	15/20
Turkey	15/20	15/20	15/20
UK	15/20	15/20	15/20
USA	15/20	15/20	15/20

North America

Country	Today	Tomorrow	Day After
Alaska	15/20	15/20	15/20
Arizona	15/20	15/20	15/20
California	15/20	15/20	15/20
Colorado	15/20	15/20	15/20
Connecticut	15/20	15/20	15/20
Delaware	15/20	15/20	15/20
District of Columbia	15/20	15/20	15/20
Florida	15/20	15/20	15/20
Georgia	15/20	15/20	15/20
Hawaii	15/20	15/20	15/20
Idaho	15/20	15/20	15/20
Illinois	15/20	15/20	15/20
Indiana	15/20	15/20	15/20
Iowa	15/20	15/20	15/20
Kansas	15/20	15/20	15/20
Kentucky	15/20	15/20	15/20
Louisiana	15/20	15/20	15/20
Maine	15/20	15/20	15/20
Maryland	15/20	15/20	15/20
Massachusetts	15/20	15/20	15/20
Michigan	15/20	15/20	15/20
Minnesota	15/20	15/20	15/20
Mississippi	15/20	15/20	15/20
Missouri	15/20	15/20	15/20
Montana	15/20	15/20	15/20
Nebraska	15/20	15/20	15/20
Nevada	15/20	15/20	15/20
New Hampshire	15/20	15/20	15/20
New Jersey	15/20	15/20	15/20
New Mexico	15/20	15/20	15/20
New York	15/20	15/20	15/20
North Carolina	15/20	15/20	15/20
North Dakota	15/20	15/20	15/20
Ohio	15/20	15/20	15/20
Oklahoma	15/20	15/20	15/20
Oregon	15/20	15/20	15/20
Pennsylvania	15/20	15/20	15/20
Rhode Island	15/20	15/20	15/20
South Carolina	15/20	15/20	15/20
South Dakota	15/20	15/20	15/20
Tennessee	15/20	15/20	15/20
Texas	15/20	15/20	15/20
Vermont	15/20	15/20	15/20
Virginia	15/20	15/20	15/20
Washington	15/20	15/20	15/20
West Virginia	15/20	15/20	15/20
Wisconsin	15/20	15/20	15/20
Wyoming	15/20	15/20	15/20

Iran Reports 'Terrorist' Bid To Bomb Site Of Elite Guard

Compiled by Our Staff From Dispatches

TEHRAN — Iran said Wednesday that it had foiled an attack by Iraq-based rebels against the Tehran headquarters of the Revolutionary Guards after two explosions, one of which killed three people at a court building.

The official press agency IRNA said the second blast occurred Tuesday night in a military industrial building in the capital, without causing casualties.

State television said the attempted bombing by the "hypocrite terrorist group" was foiled and the attackers fled from the Revolutionary Guards' headquarters when challenged but left explosives and ammunition at the scene. Hypocrites — *munafiqin* in Persian — is the term used by the Iranian government to describe the Iraq-based armed Mujahidin Khalq, the main rebel opposition group.

The group, designated by the U.S. State Department last year as a foreign terrorist organization, took responsibility for the blast at the courthouse, which also wounded six people.

In the Iraqi capital, Baghdad, a spokesman for the opposition group warned of more attacks.

"Our units inside Iran will escalate attacks against the regime," said the spokesman, Mohammed Mohebbi.

In a statement, the rebel group said it carried out the bombing as well as two mortar attacks Tuesday on the Central Command Headquarters of the Islamic Revolutionary Guards Corps and the Defense Industries Organization in the capital.

The statement said the three attacks were in retaliation for the killing of its members by the Iranian government in recent months.

The Iranian Parliament speaker, Ali Akbar Nateq-Nouri, said opposing factions should set aside their disputes in the face of the attacks, which coincide with events marking the death on June 3, 1989, of Ayatollah Ruhollah Khomeini.

"One gets the impression that bandits, the hypocrites and spies have all become more active, thinking the time is ripe for them," he said. "Sometimes ill-considered remarks and wrong actions and analyses encourage them."

Conservatives and backers of President Mohammed Khatami, a moderate, have clasped, sometimes violently, on a variety of issues since his election last year.

Analysts say hopes for change through reforms engendered by Mr. Khatami's election have sapped the Mujahidin's chances of gaining popular support. But the group says sharpened factional conflicts have helped it by weakening the Tehran government.

(Reuters, AP)

Khatami to Go to UN

President Khatami, who has sought a more moderate course for Iran since his election a year ago, plans to go to the United States to address the UN General Assembly in September. The Associated Press reported from Tehran, quoting a government official.

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.



Legend: Heavy Rain, Thunderstorms, Snow, etc. Maps, forecasts and data provided by AccuWeather, Inc. ©1998 - http://www.accuweather.com

One of the few predictable elements of travel.
The Leading Hotels of the World
Over 300 of the World's finest hotels in 68 countries.
Your Host Today
THE MENA HOUSE OBEROI
CAIRO, EGYPT

Country	Today	Tomorrow	Day After
Algeria	15/20	15/20	15/20
Andorra	15/20	15/20	15/20
Austria	15/20	15/20	15/20
Belgium	15/20	15/20	15/20
Bulgaria	15/20	15/20	15/20
Croatia	15/20	15/20	15/20
Czechia	15/20	15/20	15/20
Denmark	15/20	15/20	15/20
Estonia	15/20	15/20	15/20
Finland	15/20	15/20	15/20
France	15/20	15/20	15/20
Germany	15/20	15/20	15/20
Greece	15/20	15/20	15/20
Hungary	15/20	15/20	15/20
Ireland	15/20	15/20	15/20
Italy	15/20	15/20	15/20
Latvia	15/20	15/20	15/20
Lithuania	15/20	15/20	15/20
Malta	15/20	15/20	15/20
Netherlands	15/20	15/20	15/20
Norway	15/20	15/20	15/20
Poland	15/20	15/20	15/20
Portugal	15/20	15/20	15/20
Romania	15/20	15/20	15/20
Slovakia	15/20	15/20	15/20
Slovenia	15/20	15/20	15/20
Spain	15/20	15/20	15/20
Sweden	15/20	15/20	15/20
Switzerland	15/20	15/20	15/20
Turkey	15/20	15/20	15/20
UK	15/20	15/20	15/20

THE AMERICAS

Big Spenders Are the Losers in California Vote

Referendum Result Curbs Bilingual Education

The Associated Press

LOS ANGELES — California voters dismantled the state's bilingual education system, rejected an initiative to curb union power and dealt primary election defeats to big-spending candidates in voting Tuesday.

Lieutenant Governor Gray Davis, a career politician known for his bland personality, overcame his flashier millionaire opponents to win the Democratic nomination for governor. He beat Representative Jane Harman and a former Northwest Airlines executive, Al Checchi, both of whom had swamped the state with television ads.

Mr. Davis had 35 percent of the vote, Mr. Checchi had 13 percent and Ms. Harman had 12 percent.

It was the state's first open primary, in which anyone could vote for any candidate regardless of party affiliation.

In the general election in November, Mr. Davis will face Attorney General Dan Lungren, a Republican, who got 33 percent of the vote to easily defeat token party opposition. The winner will succeed Governor Pete Wilson, a Republican, who must leave office because of a two-term limit.

In the Republican primary for U.S. Senate, the state treasurer, Matt Fong, defeated a car-alarm magnate, Darrell Issa, despite his opponent's spending four times as much money. Mr. Issa paid \$10 million of his own money for TV ads, but got only 19

percent of the vote against Mr. Fong's 22 percent.

Mr. Fong will face an incumbent Democrat, Senator Barbara Boxer, who got 44 percent of the vote and won the nomination over token opposition.

Spending in the state's top races eclipsed \$100 million, an unprecedented total for a primary election.

By a margin of 61 percent to 39 percent, voters approved Proposition 227, which rejects the state's 30-year-old system of bilingual education and replaces it with an English immersion program after one year of transition classes. Parents can get bilingual education for their children, but only under limited conditions.

Voters rejected Proposition 226, which would have required the approval of union members before labor leaders could use their dues to support candidates, usually Democrats. Fifty-four percent voted against the initiative; 46 percent voted yes.



Gray Davis, winner of the Democratic nomination for California governor, waving to supporters Tuesday.

The governor said he was not embarrassed at being forced into the June 30 vote against a moderate businessman, Winton Blount, despite the support of sub-nationally known conservatives as the Reverend Jerry Falwell, Phyllis Schlafly and Ralph Reed.

More than 300,000 Republicans voted in the primary, breaking the party record of 215,000 in 1996. It was the first time Republican voters outnumbered Democrats.

The Democratic nominee is Lieutenant Governor Don Siegelman, who beat three rivals for the nomination.

In Iowa, where Governor

Terry Branstad, a Republican, is retiring after four terms, former Representative Jim Ross Lightfoot, the Republican nominee, will face state Senator Tom Vilsack, a Democrat.

In New Mexico, former Mayor Martin Chavez of Albuquerque won the Democratic gubernatorial nomination and will face Governor Gary Johnson, a Republican.

State Attorney General Tom Udall, son of a former interior secretary, Stewart Udall, won the Democratic nomination and will face U.S. Representative Bill Redmond, a Republican.

Jerry Brown Elected Mayor of Oakland

The Associated Press

OAKLAND, California — Jerry Brown, the former California governor and iconoclastic presidential candidate, made a triumphant return to politics Tuesday by winning his bid to become mayor of Oakland.

Mr. Brown, 60, dubbed "Governor Moonbeam" for his unconventional ways as governor in the 1970s and early '80s, led a crowded field with 59 percent of the vote. By getting a majority, he avoided a November runoff.

But Mr. Brown did not consider it a total victory.

"The victory will come when the people of Oakland feel so safe that they start taking the bars off the windows and the gates in front of their doors come down," he told his supporters Tuesday night. "That's the victory."

Ed Blakely, an urban planning professor, followed Mr. Brown with 15 percent of the vote, while the NAACP chapter president, Shannon Reeves, had 7 percent.

In a city plagued with crime and poverty, Mr. Brown — a two-term governor and three-time presidential candidate — touted Oakland as the perfect place to start on his road back to democracy's grass roots.

Starr Asks High Court to Rule Now on Privilege

By Susan Schmidt
Washington Post Service

WASHINGTON — The independent counsel, Kenneth Starr, has asked the Supreme Court to decide quickly whether to compel testimony not only from President Bill Clinton's White House lawyers but also from the Secret Service officers who protect him.

The Monica Lewinsky investigation presents "a grave set of circumstances" that the nation needs resolved soon, Mr. Starr said in urging the court to bypass the appeals court in two privilege disputes.

The White House declined to comment on the Secret Service move. But

Clinton aides again criticized Mr. Starr for seeking the expedited review on attorney-client privilege, calling it an unwarranted departure from standard procedure.

"Mr. Starr himself has said, 'In court there are a lot of rules and you better play by them.' That's exactly what we're doing in going to the court of appeals," said a White House spokesman, James Kennedy.

"Mr. Starr is trying to end-run the rules and leapfrog the legal process," said Mr. Kennedy, who called the court filing "a vehicle for rhetoric in the place of legal substance."

On Mr. Clinton's claim of attorney-client privilege, Mr. Starr told the court that the president's effort to

block testimony by government lawyers in a criminal investigation of himself is, except for President Richard Nixon's Watergate battle, "without parallel" in American history.

In a separate filing aimed at gaining the high court's intervention on the Secret Service's assertion of a legal privilege, Mr. Starr wrote that "only this court has the moral authority and public credibility to issue a final ruling on what the Secret Service plainly believes is a sensitive, life-or-death issue."

The Secret Service director, Lewis Merletti, has argued that compelling their testimony would endanger the president's life, while Mr. Starr called the Secret Service evidence

"some of the most important testimony" in his investigation.

The independent counsel is seeking to short-circuit months of potential appeals court delays in resolving both privilege claims. His filings came a day after Mr. Clinton's decision to abandon his appeal on the claim of executive privilege while continuing the fight to shield White House lawyers.

Chief Judge Norma Holloway Johnson of U.S. District Court ruled in Mr. Starr's favor on both matters last month.

"More months of protracted litigation are inimical to the nation's well-being," Mr. Starr wrote. "The facts are needed and they are needed now."

Publisher Regrets Using 'Stereotype'

New York Times Service

WASHINGTON — The publisher of the Los Angeles Times has sent an unusual memorandum to his staff, apologizing for causing offense by suggesting that the newspaper could increase its female readership by offering more emotional and less analytical articles.

"I made some comments that seemed to stereotype women in an exceptionally unfortunate way," Mark Willes, the publisher, said in the message. "The plain fact is, I misspoke. And for this I feel doubly badly and extend my profound apologies to anyone whom I offended."

The apology came about three weeks after Mr. Willes was confronted by more than 200 angry staff members in a meeting that was among the biggest in the memory of that newsroom.

The gathering came in response to Mr. Willes's suggestions, published in The Wall Street Journal and The New York Times, that editors might start counting the number of minority and female sources quoted in articles, to make the newspaper more appealing to these groups.

And he suggested that women would respond to articles told in a more personal style.

Away From Politics

- A law that limits damages in high-seas accidents will not apply to lawsuits filed on behalf of the passengers killed in the crash of TWA Flight 800 two years ago, a U.S. District Court judge ruled. (NYT)
- A patriarch in a polygamist clan has been charged in Salt Lake City with beating his 16-year-old daughter, allegedly because she did not want to be the 15th wife of his brother. (AP)
- The California Supreme Court refused to block the execution of Horace Kelly, a triple murderer who was found sane by a jury despite testimony that he talks gibberish and seems to believe he is in college rather than on death row. (AP)
- A Roman Catholic Bishop, Joseph Keith Symons, resigned from his Palm Beach diocese after admitting to molesting five boys. (AP)

AMERICAN TOPICS

The Return of the Trolley Car

With nostalgic images of friendly little trolley cars full of smiling riders chugging cleanly up city hills, several localities have been moving to revive the transit systems, now more commonly known as light rail.

Popular earlier in the century, trolley cars saw their numbers fall nationwide, from 27,000 in 1940, to 1,300 in 1970, as cars and buses filled the roads. Then, as high gasoline prices and environmental concerns changed sensibilities, new federal funds became available to make rail transit attractive. In the few cities where street rail had survived — Boston, Philadelphia, San Francisco — there was money to buy new cars.

Eight years ago, electric trains began running between Los Angeles and Long Beach, where they had vanished almost 30 years earlier, reports American Heritage magazine. There are lines in cities from Baltimore and Buffalo in the East to Portland and Vancouver in the West. Other cities, seeking to overcome congestion and pollution, are examining driverless electric cars on elevated tracks.

Still, the debate continues. "I can't understand, on any rational basis at least, this fascination with light rail," a Harvard economist, John Kain, said a few years ago. Rail systems are costly to build — Baltimore is considering a driverless system that would cost \$70 million a mile — and have none of buses' flexibility. Detroit spends \$8 million a year to subsidize its 3-mile (4.8-kilometer) system.

Boosters, however, insist that light-rail systems can spur development, promote tourism and push up land values. And many rail aficionados admit that their love affair with light rail goes beyond the strictly rational.

Short Takes

A small but growing number of Christian-oriented nightclubs has sprung up across the United States to offer young people a no-alcohol, no-smoke, no-sex nightlife alternative. At Club Jesus, in New Carrollton, Maryland, the partying starts with a prayer, and the drinks, like many of the patrons, are virgin, reports The Washington Post. "What happens here," said the deejay, Walter (WB) Brown, "is no different than any other club, except the music happens to be gospel, and it's a wholesome, Christian environment."

Dozens of such clubs from New York to Los Angeles offer live music, stand-up comedians and karaoke, but without the usual temptations.

Most Americans, including more than half of gun owners, favor stricter gun-control laws, according to a new poll. The Louis Harris survey, which follows a series of shootings in the nation's schools, found that 69 percent of Americans favor stricter controls, while 23 percent want controls to be eased. The percentage of people owning guns has also fallen. In 1973, 48 percent of adults had guns in their homes; today the figure is 32 percent.

The New York Times reports this tale, told by a New York eye doctor: An Italian friend was visiting the city after a long absence. He commented over dinner about how impressed he was with the cleanliness of the city and the results of a mayoral campaign to improve the quality of life. But then he said he was surprised that prostitution appeared to be on the rise.

How had he reached that conclusion, his host asked. Well, the man said, everywhere he went there were well-dressed women idling in doorways smoking. His host had to inform him that this was merely a result of the city's anti-smoking regulations.

Brian Knowlton

POLITICAL NOTES

So, Who Is a Reporter? Drudge Meets the Press

WASHINGTON — When Matt Drudge moved out of Washington, he was working the swing shift at a 7-Eleven convenience store. A year ago, only a few digerati knew his name. On Tuesday, the Internet gossip columnist strolled into the very epicenter of the media establishment — the press club's flag-bedecked ballroom — and was greeted, as featured luncheon speaker, by nine television cameras, a packed house and a raft of hostile questions.

But Mr. Drudge's persona — alternately swaggering and charmingly goofy — seemed to win over many of the 200 guests.

The introduction by the club president, Doug Hartbrecht, Washington news editor of Business Week, was less than glowing. "There aren't many in this hallowed room who consider you a journalist," he said.

Mr. Drudge, 31, talked about his humble beginnings as an "aimless teen" who did not go to college but somehow harnessed the power of the Internet. This, he said, is "an era vibrating with the din of small voices. Every citizen can be a reporter, can take on the powers that be."

The Drudge Report, produced on an old 486 computer from a \$600-a-month Los Angeles apartment, initially had 5 or 10 readers. But "faster than you can say 'I never had sex with that woman,' it was 1,000," Mr. Drudge cracked, and now sometimes draws a million visitors a day.

He kept crowing that he "broke" the Monica Lewinsky story, when what he actually did was report that Newsweek was about to report the allegations. But he took delight in such journalistic thievery, saying people are hungry for mediated information. "No middleman, no Big Brother."

Asked about his reporting of "unfounded allegations," he spun a tale involving the Weekly Standard, which recently

settled a libel suit, CNN and NBC, which were sued by Richard Jewell, the vindicated Olympic bombing suspect, and the Wall Street Journal, which lost a libel suit in Texas. (WP)

Senate Decides to Pass On Nuclear Waste Bill

WASHINGTON — The Senate refused Tuesday to take up a fiercely contested bill to create a temporary nuclear waste storage facility in the Nevada desert after critics charged that debate over it would interrupt and possibly thwart action on the high-priority tobacco bill.

Senator Harry Reid, Democrat of Nevada, one of the leaders of the fight against the nuclear waste bill, said that the chairman of the Energy and Natural Resources Committee, Frank Murkowski, Republican of Alaska, had told him that no further attempts would be made this year to force Senate action on the measure.

Just as the Senate was voting, the House speaker, Newt Gingrich, Republican of Georgia, said that he expected no action on the legislation this year. He cited a "crowded calendar and the strong opposition of some members."

President Bill Clinton had threatened to veto the bill, and the Senate appeared to be at least two votes short of the two-thirds majority required to overturn a veto. (WP)

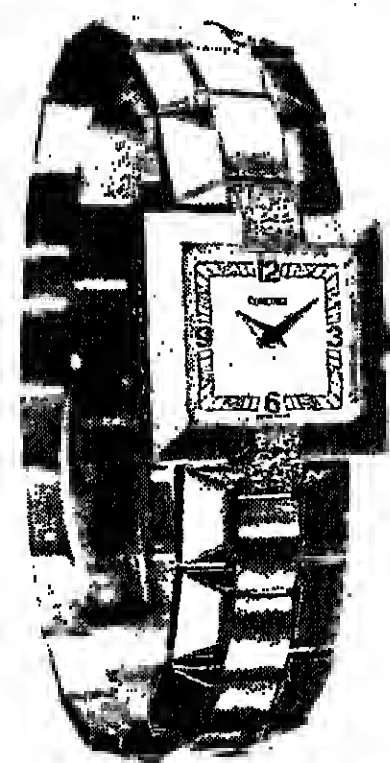
Quote/Unquote

The Senate majority leader, Trent Lott, Republican of Mississippi, promising not to use the Senate's investigations of missile-technology transfers to China as a political club against the Clinton administration: "We're not approaching it from that standpoint. Our greatest concern, at least initially, is national security. Beyond that, we'll see where it leads us." (WP)

CONCORD

LA SCALA™

An impressioned approach to time. The rich patina of eighteen karat white gold, sculpted, crafted, polished by hand. A timepiece that exalts one's refined sense of style.



The sensation of time
CONCORD
Watchmakers Since 1908
SWISS

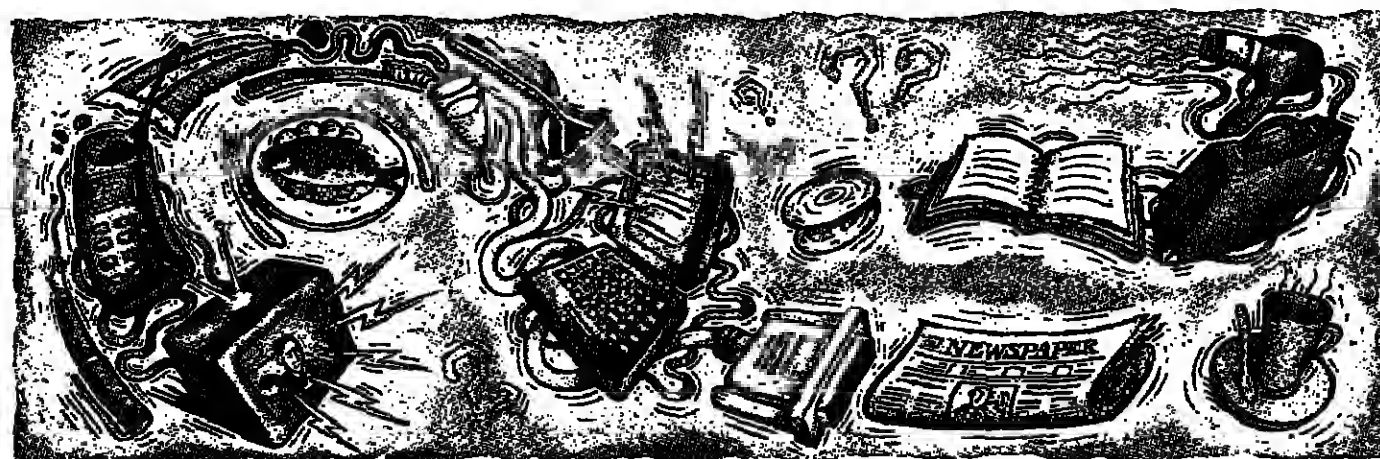
CHIMENTO
Jewellers - Swiss
Geneva, Switzerland
Tel: +41 22 731 16 51

Sapran
Joailleries
Paris, France
Tel: +33 1 45 61 82 09

MATCHPOINT
Jewellers
London, United Kingdom
Tel: +44 171 591 0055

Watch is enlarged to show detail.

Sheraton Business Traveller Services



YOU'VE PLANNED EVERYTHING, BUT FORGOTTEN SOMETHING.

Trust Sheraton and AT&T to make your life easier and more productive.

In addition to fully equipped business centres, there's free early departure coffee, late night dining and

fast check-in and check-out. Another advantage is the AT&T Direct™ Service Speed Dial Feature in many rooms. Just the touch of a button provides fast connections, with the clearest sound quality* on calls back to the U.S. We've

thought of everything, so you don't have to. For reservations, call our Global Toll Free no. 00800-3253535 or visit www.sheraton.com. Or to know more about AT&T, see www.att.com/traveler.

* Clearest based on 1997 customer preference study.

ASIA/PACIFIC

France Sees China-India Ties as Key

U.S. Should Push Talks to Ease New Delhi Fears, Paris Believes

By Joseph Fitchett
International Herald Tribune

PARIS — France believes that the nuclear breakthrough on the Asian Subcontinent stems mainly from India's frustration over the behavior of China, including military pressure on New Delhi and missile deliveries to Pakistan.

As the best hope for limiting the long-run dangers, Paris says, Washington should make a regional push to start security talks between Beijing and New Delhi, thereby easing Indian fears, real and imagined, of being militarily encircled and politically stifled by China.

These views were outlined by French officials ahead of a meeting of the five major nuclear weapons states on Thursday in Geneva that could set the tone for the big powers' long-run response to the military tests by India and Pakistan.

"We have indications that the Clinton administration's thinking about the right strategy is not far from ours," a senior French aide said, explaining that Washington and Paris were both focusing immediately on convincing India and Pakistan to help prevent the further spread of nuclear weapons.

The only significant gap between Western nations is France's refusal to impose sanctions on India or Pakistan, and Washington has apparently told Paris that it "understands the French reasons."

French officials said they opposed any suggestion of changing the Nuclear Nonproliferation Treaty, which specifically bans tests as a way to become a

recognized nuclear power alongside Britain, China, France, Russia and the United States.

What the West needs, the officials said, is to convince India and Pakistan to shut further tests, halt production of more fissile material and agree to ban related exports.

In one respect, India has been exemplary: It has never supplied nuclear technology to any other country. French officials cited that record as a glimmer of hope for building a new arms control consensus in Asia. That outcome, they added, will require a new Western sensitivity to India and its interplay with China.

Sanctions are automatic under U.S. law, but Paris takes the view that severe economic pressures could backfire. India, with its large economy and appeal to investors, had concluded that it could ride out sanctions when it decided to proceed with tests, officials said.

Economic pressures could actually prove harmful in Pakistan, which has an ailing economy, if Islamabad felt so hard-pressed that it started selling nuclear technology to oil-rich Muslim nations, they added.

Nor are the dangers confined to weapons. India has been denied much-needed foreign help in managing its 11 aging nuclear power plants — "potential Chernobyls," an official said — because of long-standing sanctions related to India's refusal to accept nuclear curbs.

Sketching an alternative approach that emphasized a strategic dialogue on

regional security, a French government official said that "what matters now is to preserve the nonproliferation system and dissipate the regional tensions that triggered this arms race."

The core of the French view is that the West must start paying more attention to the complaints of India, which has often been ignored when it accused China of hostile policies.

This suggestion that Indian nuclear ambitions are driven by a national security calculus or even national feeling of insecurity is contested by some experts, who see both India and Pakistan falling into the grip of ethnic and sectarian chauvinism — a mood hardly susceptible to international conciliation.

Suggesting that Chinese hostility is not a figment of Indians' imagination, French diplomats disclosed that China's President Jiang Zemin recently sent a secret message to Atal Behari Vajpayee, India's prime minister, offering Chinese silence about Indian policy in exchange for an end to New Delhi's complaints about China's actions in the region.

"Beijing was worried that it would be blamed for goading India to go nuclear," a French government specialist said.

In a slightly more diplomatic version, a French policymaker, who asked not to be identified, told U.S. reporters: "We are not accusing China, but we are saying that India's perceptions should be taken seriously."

Indian officials offer a disquieting picture of their country being quietly surrounded by China.

To the east in neighboring Tibet, China appears to have created missile emplacements that could only be aimed at India.

To the west, Pakistan has been steadily supplied by China with key components for nuclear warheads and ballistic missiles.

So far, Beijing has refused any dialogue or other steps to reassure India. For example, China is the only nuclear power that has not cut its arsenal since the Cold War's end and instead continues to expand its arsenal. That unspoken threat is liable to convince India to develop long-range missiles of the sort that it does not own.

Even before the tests last month, President Jacques Chirac, who quizzed Indian leaders intensively during an official visit this spring, was preparing to bring up this "inexplicable hostility" toward India and discuss what to do about it.

Getting India to voluntarily restrain nuclear capabilities now would require global effort only possessed by the United States, French officials acknowledged. But Washington has a long record of ignoring India, which was viewed as being the Soviet camp during the Cold War and is liable to be prickly with its newly stimulated nationalism. The Clinton administration, beset by domestic problems, may be unable to engage in complex diplomacy in Asia.



FALLOUT — Activists of Jamaat-i-Islami, a radical Islamic group, disrupting a news conference in Islamabad for the Pakistan-India People's Forum for Peace and Democracy, which called for talks between India and Pakistan.

A Call for Complete Overhaul of CIA

Scathing Report Cites Intellectual Laziness Over Missed Indian Tests

By Tim Weiner
New York Times Service

WASHINGTON — U.S. intelligence "needs to be scrubbed" from the top down, from its spies to its analysts to its bureaucratic barons, according to a classified report into the intelligence agencies' inability to foresee India's May 11 nuclear test.

The debacle revealed chronic failures of imagination and personnel, flaws in information-gathering and analysis, and faulty leadership and training, said the report's author, retired Admiral David Jeremiah, a former vice chairman of the Joint Chiefs of Staff.

His investigation, requested by the director of central intelligence, George Tenet, provided a core sample of the structural weaknesses in U.S. intelligence that go far beyond the question of India.

Admiral Jeremiah said these included some sobering realities about the Central Intelligence Agency and its sister services:

• "The CIA had no spies worthy of the name in India."

• "Its ability to pry information out of people is weak worldwide."

• "The nation's spy satellites typically produce far too much information for overworked and undertrained intelligence analysts to handle."

• "In India, satellites and analysts

alike failed to focus on the nuclear test site, despite clear clues that a nuclear test was coming."

Senior intelligence officials discounted those clues and did not order their underlings to examine them.

Senior U.S. policymakers and intelligence officials had an "underlying mind-set" that India would outtest its nuclear weapons, he said. That fixed idea was unaffected by the fact that India's newly elected Hindu nationalist leaders openly and repeatedly vowed to deploy the bomb. The United States never understood that they were driven by "national pride and psyche" to go nuclear, Admiral Jeremiah said.

As a result, he said, its \$27 billion-a-year intelligence eyes and ears were blind and deaf to the test, which ignited nuclear tensions and an arms race between India and its regional rival, Pakistan.

Admiral Jeremiah, a former commander of all U.S. forces in the Pacific, described a kind of intellectual laziness at the intelligence services.

"You fall into a pattern; you start to expect things to happen," he said.

"You need to have a contrarian view," he said. "The CIA's managers were passive, he said, instead of taking command and saying: 'Who's in charge? Take charge. Make things happen.'"

The CIA has talented people capable of great work, he said, and it "has had a startling number of suc-

cesses" over the years. But it needs many more analysts with better training and sharper skills, he said. It should bring in outside experts to analyze major events. It must be "much more aggressive in thinking through how the other guy thought" — breaking out of American political and cultural patterns to grasp the ways in which the rest of the world thinks.

Other veteran intelligence officers concur with Admiral Jeremiah's judgments. Gordon Oehler, who retired last year as director of the CIA's Nonproliferation Center, said the group of intelligence analysts responsible for interpreting spy satellite photos is a far less skilled group than it was at the end of the Cold War.

Mr. Oehler said the "contrarian views" that Admiral Jeremiah called for are sometimes disregarded by senior officials, which discourages fresh thinking. Clinton administration officials dislike inconvenient facts about nuclear weapons, he said, and sometimes disregard information that does not fit "a preconceived view of what the world ought to look like."

Admiral Jeremiah, whose report recommends that the director of Central Intelligence make changes to improve the ways the CIA and other intelligence agencies gather information, analyze that information, manage their employees and train new people.

Jiang Bars Nuclear Blasts

'China Has No Intention of Resuming Testing' In Response to India and Pakistan, He Says

Reuters

BEIJING — President Jiang Zemin of China on Wednesday ruled out a resumption of nuclear testing in response to tests by India and Pakistan, state television reported.

"China has no intention of resuming nuclear testing," the television quoted Mr. Jiang as saying.

Beijing fears that a nuclear arms race between India and Pakistan could spread beyond South Asia and threaten its security.

But Mr. Jiang indicated that China had not shifted its stance on nuclear nonproliferation and disarmament.

"China has nuclear weapons but has all along promised not to be first to use nuclear weapons and advocates total prohibition and thorough destruction of nuclear weapons," state television quoted the president as saying.

Mr. Jiang said China was opposed to nuclear tests and opposed to a nuclear arms race in South Asia, the television said. He made it clear that China laid the blame for the nuclear crisis on India.

"We are opposed to India engaging in nuclear tests and express regret over Pakistan engaging in nuclear tests," Mr. Jiang said.

"The tense situation in South Asia is due to India setting a bad precedent."

An official of the Chinese Foreign Ministry was asked at a news briefing on Monday whether China might resume its own testing program in response to the explosions by India and Pakistan last month.

"I cannot respond to your question directly," he said.

The official noted a provision in the Comprehensive Test Ban Treaty that allowed signatories to opt out if they believed that their "supreme national

interests" were threatened.

"I'm not indicating China will do this," he said. "But let me tell you honestly we have to take into account this development."

"I'm not frightening anyone," he added.

Neither India nor Pakistan has signed the test ban treaty.

Beijing has gone out of its way to emphasize cooperation with the United States over the nuclear crisis in South Asia.

The Chinese leader put the blame on New Delhi.

Asia before a summit meeting this month in Beijing between Mr. Jiang and President Bill Clinton.

Official Chinese news organizations reported that Mr. Clinton and Mr. Jiang had discussed the nuclear tests on the Indian Subcontinent during their first use of a newly installed telephone hot line.

India cited China as a threat to justify its series of atomic explosions, and diplomats said that China was seeking to rally support for a hard line against India. Beijing has made it clear that it expects New Delhi to make the first move to repair the damage to relations.

China last detonated a nuclear device in 1996, shortly before ratifying the Comprehensive Test Ban Treaty.

On Thursday, China will participate in a meeting in Geneva of foreign ministers of the five permanent members of the UN Security Council to try to formulate a response to the nuclear crisis.

One outcome of the Geneva meeting may be pressure on Pakistan and India to join the test ban treaty.

Pakistan Cuts Funds to Muslim Guerrillas in Kashmir

By John Ward Anderson and Kamran Khan
Washington Post Service

ISLAMABAD, Pakistan — When the United States updated its international list of terrorist organizations last fall, Pakistani security officials found something that alarmed them: The list included Harakat-ul-Ansar, a ruthless militant group operating — with Pakistani government funding — in the Indian portion of Kashmir.

That development, and political infighting between

Prime Minister Nawaz Sharif and a conservative Islamic group called Jamaat-i-Islami, put a severe crimp in Pakistan's covert funding of Muslim guerrillas fighting to separate Jammu and Kashmir, India's only majority-Muslim state, from the rest of India.

Pakistan officially denies giving money or arms to paramilitary groups operating in Indian Kashmir, so when officials spotted Harakat-ul-Ansar on the list of terrorist groups, they said they immediately began turning off the funding spigot and raided the group's offices around the country. If the U.S. government

made the connection between the government and the group, officials said, Pakistan could land on the U.S. list of states sponsoring terrorism, along with such other countries as Libya and Iran.

Senior Pakistani intelligence officials said they uncovered a plot by Al-Faran, a splinter of Harakat-ul-Ansar, to bring an Islamic-style revolution to Pakistan, of the sort that the Taliban has introduced in neighboring Afghanistan. They said it appeared the group was responsible for the ambush-killing of four employees of United States Oil Co. in Karachi in November.

See Friday's Intermarket

For Holidays & Travel, Residential Real Estate and Dining Out.
To advertise contact Sarah Werhoff
on +44 171 420 0336
or fax +44 171 420 0338

A GREAT DEAL HAPPENS AT THE INTERMARKET

Personals

THANK YOU SACRED HEART of Jesus and St. Jude for special prayers answered.

Announcements

Herald Tribune

SUBSCRIBER CUSTOMER SERVICE: For questions or queries about the delivery of your newspaper, or about a subscription, please call the following numbers: EUROPE, MIDDLE EAST AND AFRICA: TOLL FREE - Australia 0800 6120 8120; Europe 0800 4 448 7827; Germany 0800 4 448 7827; Japan 0800 4 448 7827; Korea 0800 4 448 7827; New Zealand 0800 4 448 7827; Singapore 0800 4 448 7827; Taiwan 0800 4 448 7827; USA (toll-free) 1-800-828-8888. Senders: (41) 212 7523890 ASIA: Hong Kong 2522 1171; Indonesia 0800 1928 1928; Japan (toll-free) 0120 494 027; Korea 0800 4 448 7827; Malaysia (toll-free) 1-800-880102; Philippines 085 4848; Singapore 325 0852; Taiwan 075545; Thailand 277 4485; Vietnam (452) 2821171.

Legal Services

DIVORCE - 1 DAY CERTIFIED
Call or Fax (908) 922-3815. White: 16787
Beach Blvd. #137, Huntington Beach, CA
92648 USA e-mail: divorce@apn.com

DIVORCE in 1 DAY. No travel. White:
Box 377, Sunnyvale, CA 95088 USA. Tel:
650-943-8387, Fax: 650-943-0183.

Colleges & Universities

LASALLE UNIVERSITY
On-Campus Degrees
Bachelor's • Master's • Doctorate
Credit for Work & Life Experience
1-800-824-2358, Dept. 958
620 Lake Dr. North
Mandeville, LA 70701 USA
http://www.lasalle.edu
LASALLE Education Corporation

TELECOMMUNICATIONS

The Original
Kallback

New
Lower Rates!

Call The U.S. From:
France..... 27c
Italy..... 34c
Japan..... 33c
Singapore..... 33c
UK..... 17c

• NO Deposit
• NO Set Up Fees
• NO Minimums
• Instant Activation
• Fiber-Optic Networks
• Six-Second Billing

Tel: 1.206.599.1991
U.S.: 1.800.965.1626
Fax: 1.206.599.1981
Email: info@kallback.com
www.kallback.com

Agents Wanted

Business Opportunities

OFFSHORE BANK in Caribbean banking
center - US \$75,000. Quick transfer.
Carson Register Agents, Inc. Tel:
702-983-1944, Fax: 702-983-0267 USA

Business Opportunities

OFFSHORE COMPANIES. For free brochures or advice Tel: London 44 181 741 1224 Fax: 44 181 741 6558/6338
www.applon.co.uk

Business Services

GENEVA
SWITZERLAND
Full Service
is our Business

• International law and taxes
• Mailbox, telephone, telex and telecopier services
• Translation and secretarial services
• Formation, consolidation and administration of Swiss and foreign companies
• Furnished offices and conference rooms for daily or monthly rental
Full confidence and discretion assured.

BUSINESS ADVISORY

SERVICES S.A.
7 Rue Maizy, 1207 GENEVA
Tel 738 05 40, Tel 41 22 732 22, Fax 738 05 44

Real Estate for Rent

Paris Area Furnished

AGENCE CHAMPS ELYSEES
Specialists:
Furnished apartments, 3 months or more
or unfurnished, residential areas

Tel: +33 (0)1 42 25 32 25
Fax: +33 (0)1 42 25 37 85

CENTER, view, charm, balcony, 3-room
flat, video security, garage, July, Aug.
Sept. F15,000, +33 (0)1 42 774640 even

Paris Area Furnished

AT HOME IN PARIS

PARIS PROMO
Apartments to rent furnished or not.
Sales & Property Management Service
25 Av. Hoche 75008 Paris 01-45611020
Tel: +33 (0)1 45 63 25 60

LOVELY STUDIO, fresh, quiet, charming.
REPUBLICAN-MARIN, FF5,000/month.
1 year. Tel/Fax: +33 (0)1 47 00 21 14

Switzerland

GENEVA, LUXURY FURNISHED apartments.
From studios to 4 bedrooms. Tel:
+41 22 735 6320 Fax: +41 22 735 2671

World Cup Rentals

DUPLEX TROCADERO, 100 sq.m.,
WORLD CUP or more. Contact owner
+33 (0)1 41 41 59 51

International Herald Tribune
ads work

Hi We're Back

SUPERMODELS
of Scandinavia

LONDON-COPENHAGEN

+ 44 (0)7071 558899
Amex welcome Escort Agency

European JET SET • VIENNA • PARIS
"RIVERA" GENOVA ZURICH MUNICH
"RIVERA" GENOVA ZURICH MUNICH
Brussels Escort & Travel Service
Vienna +43-1-315 40 41 Credit Cards

Escorts & Guides

BELGRAVIA
ORCHIDS
LONDON - EUROPE

THE FINEST & THE MOST SINCERE
10 - 30 INTERNATIONAL
BEAUTIFUL & ELEGANT
SECRETARIES, AIR HOSTESSES &
MODELS • AVAILABLE AS
YOUR COMPANION 24 HOURS
Escort Agency Credit Cards Welcome

TEL: LONDON +44 (0)

0171 589 5237

SWITZERLAND-GERMANY
BELGIUM-LUXEMBOURG-UK

+31-20-427 28 27
Zurich-Geneva-Basel-Bern-
Fribourg-Winterthur-Cologne-Bonn-
Dusseldorf-Munich-Hamburg-Berlin-
Bremen-Antwerp - Luxembourg
TRAVEL SERVICE WORLDWIDE

LONDON: (0)171-978 5606
COSMOS Escort Agency - Credit Cards

APHRODITE'S
ATHENA
Godesses of Wisdom & Beauty
Discreet Escort Service
Call Vanessa (London) 0770 285311

PARIS
service@euro-escorts.com
+3120-427 28 27 / +316-54228-124

"AMSTERDAM CLUB"
Stadoudorple 54, Amsterdam
+31 (0) 20 670 1333
Escort Agency for Dinner Dates/Shows
Info@euro-escorts.com

PARIS
High Escort Service +41 75 637 7894

HEIDI'S HIGH SOCIETY VIENNA-PARIS
RIVERA ZURICH GENOVA MUNICH
International Escort & Travel Service
Vienna +43-1-315 41 04 all credit cards

"GUYS & DOLLS ESCORT SERVICE"
MILAN/ROMA/ZURICH/ATHENS/GENOVA
BRUSSELS/GERMANY/SWITZERLAND
COTE D'AZUR/SCANDINAVIA/SPAIN
Tel: +39 (0) 335 619 038 Credit Cards

International ESCORTS

World's top international beauties
NY USA Helpline: 1-212-765-7896
OFFICE@INTL-ESCORTS.COM

VENUS IN FURS
24HR WORLDWIDE ESCORT SERVICE
LONDON 0171 362 7000
All cards. Advance bookings welcome

APHRODITE'S
ATHENA
Godesses of Wisdom & Beauty
Discreet Escort Service
Call Vanessa (London) 0770 285311

PARIS
service@euro-escorts.com
+3120-427 28 27 / +316-54228-124

"AMSTERDAM CLUB"
Stadoudorple 54, Amsterdam
+31 (0) 20 670 1333
Escort Agency for Dinner Dates/Shows
Info@euro-escorts.com

PARIS
High Escort Service +41 75 637 7894

HEIDI'S HIGH SOCIETY VIENNA-PARIS
RIVERA ZURICH GENOVA MUNICH
International Escort & Travel Service
Vienna +43-1-315 41 04 all credit cards

"GUYS & DOLLS ESCORT SERVICE"
MILAN/ROMA/ZURICH/ATHENS/GENOVA
BRUSSELS/GERMANY/SWITZERLAND
COTE D'AZUR/SCANDINAVIA/SPAIN
Tel: +39 (0) 335 619 038 Credit Cards

EUROCONTACT INTL

PARIS-ANTWERP-GENOVA-ZURICH
RIVERA/BRUSSELS/LONDON/VIENNA
MILAN/ROMA/GERMANY & PRAGUE
COPENHAGEN/ATHENS/LOS ANGELES
Escort Service Vienna +43-1-212 0431

DISTINCTION
London, Paris, Rome, Zurich, Vienna
Brussels Escort Service, Dinner Dates &
Travel. Call: +44 (0)775 22 52 57

For Elite Jills +39 0339417734 cards

MILAN • ROME • TOP ESCORT
Travel Paris Riviera Lisbon Germany UAE

LAUREN'S BLACK ELEGANCE Escort
Service. Full figured beauty. New York.
Milan, French Riviera, overnight & ad-
vanced bookings welcome. Also statu-
esque models. Tel: 212-351-4569

CHATELAIN ESCORT SERVICE
51 Beauchamp Place, London SW1
Tel: 0171-284 8813

GENOVA PRETTY WOMAN
Call 02 1 94 00 00 00 Escort Agency
LAUSANNE-MONTREUX-BASLE
ZURICH - CREDIT CARDS

AIR HOSTESS in London for wedding, dth-
ing and other pleasures. Private Escort
Service. Ashley 0274 614 672

AMSTERDAM • DREAMS • ESCORTS
and Dinner Date Service for Him or Her.
Tel: +31 (0) 20-64 02 605 / 64 02 111

ANIQUE & AMY of Mayfair. Two gorge-
ous blondes. Escort service. Tel: 0171
4984720 or 0958 664013. Credit cards

ASIAN • PERSIAN • ORIENTAL &
CONTINENTAL Escort Service London
Tel: 0958 220177 24 hrs Credit Cards

BEAUTIFUL, SLIM, SHINE, Stunning
Figure. Charming Private Escort Service
Luxury SW3. Palace/London 0866159595

ASIA/PACIFIC

In Jakarta, From One Rich Leader to Another

Indonesians Find Habibie and His Family, Like Suharto, Have Empire of Wealth

By Joseph Kahn
New York Times Service

NEW YORK — Almost immediately after becoming president of Indonesia, B.J. Habibie pledged to create "a clean government, free from corruption, collusion and nepotism."

But one of the biggest threats to his rule may be concern that he and his family, following the model of former President Suharto, used government office to amass a private fortune.

In the nearly two weeks since he replaced Mr. Suharto, Indonesian economists and political activists have begun to document the sprawling business holdings of President Habibie's children and close relatives.

The Habibie family does not have anything approaching the wealth of the Suharto clan. But Indonesian analysts say its worth might reach \$80 million. That, however, does not factor in the wealth-destroying effects of the country's economic crash.

In an interview Tuesday, Mr. Habibie defended his own wealth and that of his family members, insisting that nepotism had not played a part in their apparent success. He acknowledged that some of his relatives had become rich, but stressed they had done so through strong education and work habits.

Many of his brothers, sisters and children do business with government agencies, President Habibie said. But they do not get special treatment, he said. And he appeared to reject calls that his family be forced to relinquish government con-

tracts or to dissolve business partnerships that have come under scrutiny.

"Many people become rich if you work hard and you are educated," Mr. Habibie said, adding: "And now they have to stop because I am the president for two weeks?"

In his long political career, Mr. Habibie supervised some of his country's highest-profile de-

veloped projects. These included the state aircraft maker, a natural gas project, the Batam Island development zone, near Singapore, and the state technology agency.

Potential conflicts of interest between the offices that Mr. Habibie has held and his family's holdings are not hard to detect. Mr. Habibie's two sons have business ties to the aircraft company and one has contracts connected to the natural gas project. Two of Mr. Habibie's brothers and a brother-in-law have close ties to the Batam Island development project.

His sister plays a key role in the state technology agency and her husband has worked as a contractor there, according to officials at each company. The best known Habibie-linked company is

controlled by his youngest brother, Timmy, whose company Tinsco Holdings has several score of subsidiaries operating in many different businesses, some of them dependent on government contracts or licenses.

Several Indonesian economists compare Timmy Habibie's operating style to that of Bambang Trihadmodjo, Mr. Suharto's middle son, which is characterized more by personal contacts than any particular expertise.

President Habibie's long involvement in the Batam Island project has raised the most conspicuous conflicts. Though Mr. Suharto appointed Mr. Habibie to supervise the conversion of Batam into a manufacturing center and export zone, Mr. Habibie has governed it like a personal fiefdom, according to some investors and employees.

Mr. Habibie worked hand-in-hand with his brother-in-law, Sudarsono Darmosuwito, now retired, the zone's chief executive. When Mr. Habibie became vice president earlier this year, he appointed a younger brother, Effendi (Fanny) Habibie, to succeed him as chairman of the Batam Island Development Authority, the island's main governing body.

Fanny Habibie told Indonesian reporters last month that he would step down from the chairmanship. But that only begins to address the Habibie family interests there.

P. T. Citra Lingkuhan Lestari has done environmental impact surveys on behalf of investors wishing to set up factories there. P. T. Indori Mandiri Sakri has had exclusive rights to construct and manage Batam's two major harbors.



President Habibie, left, conferring Wednesday with Bill Skate, prime minister of Papua New Guinea. He was the first leader to visit since Mr. Habibie took power.

INDONESIA: Toll Put at 1,188

Continued from Page 1

Habibie, who said he could not transfer power to a new leader before the end of next year. "Habibie must go!" they shouted. "Reform now!" And many of their elders seemed to agree. A number of opposition figures whom Mr. Habibie himself is consulting — notably the opposition leader Amien Rais — are demanding new elections this year.

The casualty report by the human rights group, the National Commission on Human Rights, blamed the armed forces for failing to contain the damage and death.

Devastating riots broke out in many cities around the country as weeks of mostly peaceful student demonstrations were suddenly transformed into a chaos of rioting and looting.

The report did not say how the deaths occurred, but evidence in Jakarta suggests that the overwhelming majority of the victims were looters trapped in shops and department stores that were set on fire by rioters who drove around the city hurling gasoline bombs.

In one hospital in Jakarta where nearly 200 corpses were collected, all but a handful of the dead had burned to death. A small number had been shot or stabbed by unknown assailants.

An uncounted number of those burned to death were also ethnic Chinese trapped inside shops or homes that were attacked by rioters in a familiar pattern here in this overwhelmingly Muslim and ethnic Malay nation. "One of the targets of the unrest was the ethnic Chinese group, which in reality is an inseparable part of the Indonesian society," the commission said.

The human rights commission blamed the armed forces for not anticipating the unrest.

"When the unrest took

place, there was no visible evidence of serious efforts to prevent it," the report said.

It added, "The security forces did not adequately anticipate the strong possibility that the unrest could have broken out."

In addition to the deaths, the report tallied an extraordinary swath of devastation to the capital city, saying 40 large shopping centers, 4,083 shops, 1,026 private homes, 383 offices and 1,119 automobiles had been attacked, burned or looted.

Echoing many eyewitness accounts that have accumulated here, the commission said unidentified "organized groups" had been involved in touching off some of the burning and vandalism. Witnesses reported seeing men in trucks or on motorcycles traveling through the city identifying Chinese-owned homes and businesses or handing out gasoline bombs.

The city is filled with theories about these groups and it remained unclear whether they involved local thugs or representatives of radical organizations or provocateurs attached to some branch of the security forces.

The commission, which is funded by the government but has earned a reputation for independence, called on the president to "thoroughly investigate the security apparatus for letting, not preventing or immediately dealing with the riots."

At the same time, the military said 10 low-ranking officers would go on trial Saturday in the shooting deaths of the university students that sparked the rioting.

"There were 10 people who did the shooting, without orders," the chief of the Military Police, Major General Syametu, said in a report Wednesday in the Indonesian Observer newspaper. "They were soldiers and noncommissioned officers."



Hotel Inter-Continental, Singapore

You're always in the heart of
the city and at the
soul of the culture.

One World. One Hotel.

Uniquely Inter-Continental.



INTER-CONTINENTAL.

HOTELS AND RESORTS

www.interconti.com

ASIA PACIFIC
BALI
BANGKOK
BROOME
CHENGOU
COLOMBO
JAKARTA
KUALA LUMPUR
MANILA
NEW DELHI
PHNOM PENH
SEOUL
SHENZHEN
SINGAPORE
SYDNEY
TAIPEI
TOKYO
YOKOHAMA
EUROPE
AKMOLA
AMSTERDAM
ATHENS
BARCELONA
BERGRADE
BERLIN
BRATISLAVA
BRUSSELS
BUCHAREST
BUGAPEST
CANBERRA
CHICAGO
EDINBURGH
FRANKFURT
GENEVA
THE HAGUE
HAMBURG
HANNOVER
HELSINKI
ISTANBUL
KEMER
LEIPZIG
LUBLJANA
LONDON
LUXEMBOURG
MADRID
MALTA
MONTREUX
MOSCOW
MUNICH
NICOSIA
PARIS
PRAGUE
ROBBI
STUTTGART
TASHKENT
VIENNA
WARSAW
ZAGREB
ZURICH
AMERICAS
BOGOTA
BUENOS AIRES
CALI
CANCUN
CARACAS
CHICAGO
CIUDAD GUAYANA
COZUMEL
OALLAS
GUADALAJARA
HATTA
LOS ANGELES
LOS CABOS
MANAGUA
MARACAIBO
MEDELLIN
MEXICO CITY
MIAMI
MONTREAL
NEW ORLEANS
NEW YORK
PANAMA CITY
PUERTO VALLARTA
RIO DE JANEIRO
RIONEIRO
SAN FRANCISCO
SAN JOSE
SAN PEDRO SULA
SAN SALVADOR
SANTIAGO
SANTO DOMINGO
SAO PAULO
TORONTO
VALENCIA
WASHINGTON, D.C.
MIDDLE EAST
ABHA
ABU DHABI
AL AIIN
AL JUBAIL
AMMAN
BAHRAIN
BEIRUT
CAIRO
DUBAI
HURGHADA
JEDDAH
MADINAH
MAKRAH
MUSCAT
PETRA
RIVADH
SHARM EL SHEIKH
TAIF
AFRICA
ABIDJAN
CAPE TOWN
DURBAN
FRANCISVILLE
JOHANNESBURG
KINSHASA
KRUGER NATIONAL PARK
LIBREVILLE
LUSAKA
NAIROBI
VICTORIA FALLS
*FORUM HOTEL

BRIEFLY

Taipei Flu Toll Climbs to 28

TAIPEI — A flu-like virus particularly dangerous to small children claimed three more toddlers Wednesday, raising the death toll to 28 and prompting officials to close nursery schools and kindergartens in central Taiwan.

Enterovirus 71 hits Taiwan each summer. Although there are no firm numbers to compare, the Health Department said the outbreak this year appears to be particularly severe.

It said almost 7,500 cases had been reported, but the outbreak appears to have peaked, and the number of new cases should start dropping. (AP)

Afghan Victims Being Airlifted

FAIZABAD, Afghanistan — Helicopters in a constant shuttle operation airlifted more injured people from Afghanistan's earthquake zone Wednesday.

Aid agencies said that the three helicopters ferrying the injured to clinics were unable to take food and shelter materials to the remote distant hillside hamlets destroyed last Saturday by a massive tremor measuring 7.1 on the Richter scale.

"The choppers we have right now are all being used to get the wounded out of their home areas and to clinics," said a spokesman for the International Committee of the Red Cross.

"Evacuation, evacuation. That is what they are being used for, and it has created a bottleneck for food and other emergency items," he said. (Reuters)

Mahathir Considers the Future

TOKYO — Prime Minister Mahathir bin Mohamad of Malaysia said Wednesday he saw "no problem" with a change in leadership after his nation had resolved its currency crisis.

Mr. Mahathir, 72, who has governed for 17 years, told Reuters Television in an interview in Tokyo: "What is important is a smooth transition, and it is my hope that I can turn over the reins of government and party and will hand over the whole."

Asked if the transfer of power could come next year, he said it could come "any time at all," but added that Malaysia's first goal was to resolve its currency crisis.

He has named his deputy, Anwar Ibrahim, as his replacement when he eventually steps aside. (Reuters)

EUROPE

Pilots' Walkout: No One (Especially the French) Should Be Surprised

By John Vinocur
International Herald Tribune

PARIS — After hearing so often and so long from the government and the intellectual establishment that it doesn't matter what anyone else thinks, and that going-it-alone is the noble and ultimately winning French way, the pilots of Air France have taken the authorities at their word.

Their strike, a walkout by the rich and privileged, has resulted in a situation widely described in the local press as a global public-relations disaster for France on the eve of its playing host to the World Cup. But who could be surprised?

The pilots have only replicated the behavior of the country on the widest scale. Rich and privileged in a world made up metaphorically of baggage handlers and airplane cleaners, France has sometimes made an eager virtue of doing things in its own interest that do not readily translate into benefits for the commonweal.

With its elements of total self-absorption and mildly extortionate behavior, and the pilots' justification that their circumstances were unlike

anyone else's, the strike has a familiar feeling. It is arguably driven by the same approach that chose to resume nuclear testing in the Pacific, rejected reintegrating NATO after announcing that a return was at hand, and blocked the choice of a president for the European Central Bank until the rest of France's European partners had given way. In each case, the French were told in effect that holding out on something temporarily unpopular would in the long run conserve France's privilege to continue acting much as it chose — a kind of French-style anarchy.

Now, wrapped in this national article of faith, the pilots are betting that Air France, owned by the government that set the strikers' example, will throw up its hands and back off, just as world public opinion did on the nuclear tests, or Chancellor Kohl of Germany on the choice of the central bank leader.

Noting the awkwardness of the government providing a Communist minister of labor to deal as intermediary between the state-controlled company and the strikers, and the fact that Air France pilots make 40 percent more than their

Lufthansa colleagues, and 19 percent more than those at British Airways, French editorial writers have expressed fear that the strike's incoherence will expose their country as anachronistic and resistant to change. There is a tardy concern.

"Sadly, France's reputation has diminished," Lindsay Owen-Jones, president of L'Oréal, one of the country's great cosmetic companies, said in an interview with the magazine Capital a few weeks before the pilots walked out. Having a head office in France was hardly an advantage in recruiting young executives on an international scale, he said. "And the blinders surrounding the Pacific nuclear tests or the European Central Bank issue have made for a negative image."

Reaching for this issue, both the government and Air France's management have tried to strum a patriotic chord among the pilots with appeals to their national consciousness, and talking about the risk of the strikers' taking the World Cup hostage. The response has been dead silence from the pilots, who have chosen to stick to the older and more familiar French lesson of brazening-it-out. Nothing could have better described the national mood operanti that the

French have really understood over the last years than calls by Paris Metro and national railroad workers to pile on to the pilots' strike with work stoppages beginning Thursday, six days before the soccer competition is due to start.

The essential difference between the pilots' strike and the situations in which France has acted against the wishes of its allies and neighbors is that this time the hostages include the government itself. In recent years it has funneled 20 billion to 30 billion francs (\$3.3 billion to \$5 billion) of taxpayers' money into keeping Air France flying, while Prime Minister Lionel Jospin's Socialists have insisted since taking office a year ago that the state must be the majority shareholder in any privatization of the national airline.

In trying to bring Air France into a cost-structure comparable to that of its European competitors, the company has said that it still needs to cut 500 million francs in overhead. It has proposed to do so with a plan that would exchange 15 percent of the pilots' future salaries for shares in the privatized airline-to-be. The pilots, having watched the successful rejection

of change all about them, and the company's movement from loss to profit, say they will have none of it.

The government finds itself in the contradictory position of wanting to appease modern industry while insisting on holding on to Air France so as to signal it is not abandoning another state-run enterprise so dear to the leftist rank-and-file. Jean-Claude Gayssot, the Communist transport minister, has compounded the problem with a statement that while he could live with a partial privatization he would never be the man to pay for it by overseeing a reduction in salaries.

This complicates compromise. Considering that strikes by well-paid airline pilots are hardly a worldwide novelty, the shut-down at Air France would not go much beyond the parameters of a standard labor conflict if it didn't mirror the special French method of leveraging its influence with the rest of the world. France does not consider that it has paid dearly for its singular approach, and everything indicates Air France's pilots have reasoned the same way.

U.S. Study Ties Vatican to Ustasha Gold

The Associated Press

WASHINGTON — The Vatican hierarchy may have helped leaders of the Nazi-backed fascist regime in Croatia escape from Europe after World War II with plundered gold and other valuables from Holocaust victims, a U.S. report has concluded.

"It seems unlikely that they were entirely unaware of what was going on," the report said of Pope Pius XII and his advisers, who helped administer a pontifical college in Rome where war-crimes fugitives took sanctuary.

The Vatican connection was raised in the second U.S. report on Nazi gold, a document focusing on how the central nations of Switzerland, Sweden, Spain, Turkey and Portugal provided Germany with vital materials for weapons and goods during World War II.

Stuart Eizenstat, undersecretary of state for economic affairs, urged the Vatican to

search its records on Croatia's Ustasha regime, which may have escaped with up to \$80 million.

"Answers may only exist in Vatican and Croatian and Serbian archives," Mr. Eizenstat said. "A full accounting should be made."

Mr. Eizenstat said Vatican officials told him that such a search would be difficult. Previously, Vatican officials had said they could not find any Nazi gold-related records.

At the Vatican, the spokesman, Joaquin Navarro-Valls, dismissed the U.S. report as containing nothing new. "I don't have anything to add to what was said in the past," he said, referring to earlier Vatican denials.

The United States has long known about the Rome pipeline for hiding fascist Croatian leaders because U.S. Army intelligence had also used it to shuttle former Nazis secretly to South America,

said the report, which relied on recently declassified U.S. documents.

"From the Vatican's point of view, the No. 1 enemy of civilization as seen by the Catholic church was communism," said Rabbi Abraham Cooper of the Simon Wiesenthal Center in Los Angeles.

Sweden to Use Report

Sweden said Wednesday that it would incorporate a new U.S. report on countries that received Nazi gold looted from Holocaust victims into a wider national investigation into Sweden's dealings during World War II, Reuters reported from Stockholm.

"We will look into the Eizenstat report in a deeper way," a Foreign Ministry spokesman, Jens Olander, said. "We are not rejecting the report. On the contrary we try to have as much of an open approach as possible."

Tunisia Sentences 2 in Belgian Assassination

Agence France-Presse

TUNIS — Two Tunisians have each been sentenced to 20 years in prison for the murder in Belgium almost seven years ago of the former deputy prime minister of Belgium, Andre Cools.

But the case left many questions unanswered on who ordered the contract killing that the two Tunisians, Abdel-

majid Almi and Abdeljelil Ben Ibrahim, admitted carrying out. Mr. Cools was slain near Liege on July 18, 1991.

Their defense lawyers argued that Mr. Almi, who was 19 at the time, and Mr. Ben Ibrahim, who was 26, had been blackmailed and pleaded extenuating circumstances.

Mr. Almi and Mr. Ben Ibrahim were

arrested in Tunisia on Sept. 30, 1996, but were not handed over for trial in Belgium because Tunisia does not extradite its citizens. Other suspects are facing trial in Belgium.

The defendants said they were hired in Sicily by an Italian, Jachino Contrino, to pick up drugs in Liege, then were blackmailed into shooting Mr. Cools.



WALKING POSTERS — Japanese tourists pondering a scene Wednesday in Prague in which the Civic Democratic Party parades posters promoting a pre-election rally by the party's leader, Vaclav Klaus.

Yilmaz to Step Down For Turkish Election

ANKARA — Prime Minister Mesut Yilmaz said Wednesday that he would resign at the end of this year to allow the formation of an interim government to take the country to early elections in April 1999.

"I will resign at the end of the year," Mr. Yilmaz said at a news conference after a meeting with a key leftist opposition leader and power broker, Deniz Baykal.

Mr. Baykal's Republican People's Party has backed Mr. Yilmaz's minority coalition since it came to power last June in return for assurances that early elections would be held.

General polls are not due until 2000. Mr. Yilmaz said an interim government would lead the country to polls at which voters would elect both national and local government representatives. "Although a definite date is not certain, April 18 looks likely," he said. (AP)

Kohl Aide Cautions The East Germans

BONN — Chancellor Helmut Kohl's government spokesman warned East Germans on Wednesday that they could strain relations with their Western compatriots if they voted for reform Communists.

Otto Hauser, appointed by Mr. Kohl last month to improve the government's image before the September general election, said West Germans already found it difficult to understand why voters in the East supported leftists.

Mr. Hauser told the Chemnitz Freie Presse newspaper he had heard West Germans complaining: "We help reconstruction in the East and then they vote for the left." (Reuters)

Blair Denies Reports Uranium Is Missing

LONDON — Prime Minister Tony Blair denied Wednesday that enough weapons-grade uranium to make a dozen nuclear bombs was missing from a Scottish reprocessing plant.

Mr. Blair told Parliament that the apparent loss of 170 kilograms (375 pounds) of the material from the Dounreay plant, disclosed in an official report, was merely a case of poor accounting.

Bonn Vows to Build Holocaust Memorial

BONN — The German government said Wednesday that plans to build a Holocaust memorial in Berlin would go ahead despite the withdrawal of the American artist Richard Serra.

The sculptor, who along with New York-based architect Peter Eisenmann had submitted the design favored by Chancellor Helmut Kohl for the monument, announced Tuesday he was pulling out of the project.

"His decision has nothing to do with the pros and cons of the project itself and also nothing to do with his relationship to the chancellor or other German personalities involved," the government spokesman, Otto Hauser, said in a statement.

"The German government remains of the opinion that the monument for the murdered Jews of Europe will be built on the piece of land allocated for it in Berlin," he added.

The Gagosian Gallery, Mr. Serra's dealer, said in a statement that the artist had ended his involvement "for personal and professional reasons." Mr. Serra also wrote a letter to Mr. Kohl containing the same explanation.

His former partner, Mr. Eisenmann, said his proposal would continue without the sculptor's further involvement.

"As far as we're concerned the project is more than either Richard Serra or Peter Eisenmann. This is for the German people." (Reuters)

Quakes Jolt Greece

ATHENS — Four strong earthquakes shook central Greece on Wednesday, but there were no reports of injuries or damage.

The tremors, with preliminary magnitudes between 4.5 and 5.2, occurred between 11:36 A.M. and 11:49 A.M. with an epicenter under the sea bed 210 kilometers (130 miles) north of Athens, the Geodynamic Institute said.

The quakes were felt in parts of central Greece and the northern province of Halkidiki, as well as on the Aegean island of Limnos, the institute said. (AP)

CROSSWORD

ACROSS
1 Words said with a sigh
3 Generations of healthy, happy post-war
4 Advance oneself
14 Old Spanish kingdom
15 Park, Utah
16 Like some cycles
17 Refrains from an indiscreet remark
20 Ad — per Aspera (Kareem mubini)

DOWN
21 Hold
22 Detested
23 One of Broadway's Shuberts
24 Considered
25 Lingue
26 Chomsky
27 Clappers
28 One making overnight deliveries
37 Indulges in histrionics
40 Biblical measure
41 Game plan
42 Dilute

14 Actress
15 So-called "Valley Isle"
16 Clip-led submachine gun
17 Most pathetic
18 Bound
23 Clair
24 "Ugh!"
27 U.S. Attorney General, 1985-88
28 Zola's streetwalker
29 Humdringer
30 Abruzzi best town
31 Deli spread
32 Part of I.R.A. Abbr.
33 "Ugh!"
34 Figure skater Thomas
35 Glee! Cry after a coin flip
36 Feeling
38 Do "T" and What You Do, maybe
39 Refrains
43 One-named rock singer
44 Model's beat
45 "Rabbit food"
47 Down the (ruined)
48 Cockeyed
49 Pale yellow
50 Prevent, legally
51 Letters to answer?

Solution to Puzzle of June 3

GAPE MEAL SMITH
ORAN ELMO HANOT
WILD CATERPILLAR
MELTIE TIME
USATIS ROPE PAM
PRESTO ERMINE
TAR RAGGLE TINGA
AVIAN ALE TACIT
SONY BRIOCA HEY
SIGNALS WARMB
BOO TIDE APPLE
SHOG SNARERS
POCKEBOOK IAMA
JAPAN OBOE STAG
STATIS TIEND EISIE

DOWN

1 Troubadours' dawn serenades
2 Bank job
3 Words on a family shield
4 Vacation time in Buenos Aires
5 Kind of eye
6 China's
7 Fancy foot work?
8 Cockeyed
9 Pale yellow
10 Fortuna's dramatic partner

DOWN

1 Troubadours' dawn serenades
2 Bank job
3 Words on a family shield
4 Vacation time in Buenos Aires
5 Kind of eye
6 China's
7 Fancy foot work?
8 Cockeyed
9 Pale yellow
10 Fortuna's dramatic partner

DOWN

1 Troubadours' dawn serenades
2 Bank job
3 Words on a family shield
4 Vacation time in Buenos Aires
5 Kind of eye
6 China's
7 Fancy foot work?
8 Cockeyed
9 Pale yellow
10 Fortuna's dramatic partner

DO YOU LIVE IN THE UK?

• Subscribe and SAVE up to 53% off the cover price.

• Also available: PAY MONTHLY by easy, low cost, direct debit.

HAND DELIVERY IN CENTRAL LONDON & PARTS OF THE SOUTH EAST.

A cosmopolitan, comprehensive and concise newspaper delivered every day to your home or office. In Central London and parts of South East England, the International Herald Tribune offers early morning hand delivery on the day of publication, Monday through Saturday*.

The result? Unique coverage of the world you live in, brought to you as it changes — daily.

*Monday through Friday outside Central London. Postal subscriptions are available throughout the UK on the day after publication.

For more information about easy ordering and availability of hand delivery
CALL our Subscriber Customer Service Department:
TOLL FREE: 00800 4 448 7827 (00800 4 IHT SUBS)
or Fax: (0171) 240 34 17
E-mail: subs@iht.com — Internet: http://www.ihrt.com

YES, I'd like to subscribe and have my bank account debited monthly by £17.
Please start my subscription and send me a bank form to arrange my payment.

YES, I'd like to subscribe and pay for the following term:
☐ 12 months (+ 2 months free): £210 (Saving off cover price: 36%)
☐ Special, 2-month trial subscription: £22 (Saving off cover price: 53%)

☐ My check is enclosed (payable to the IHT)

Please charge my:
☐ Access ☐ Amex ☐ Diners
☐ Eurocard ☐ MasterCard ☐ Visa

Credit card charges will be made in French Francs at current exchange rates.

Card No: _____ Exp: _____

Signature: _____

☐ Please start delivery and send invoice.

Family Name: _____
First Name: _____
Job Title: _____
Mailing Address: ☐ Home ☐ Business
City: _____
Postal Code: _____
Telephone: _____
E-Mail Address: _____
Your VAT No (Business orders only) _____

(IHT VAT No 747 320 211 24)
☐ I got this copy of the IHT at: ☐ kiosk ☐ hotel ☐ airline ☐ other
☐ I do not wish to receive information from other carefully screened companies.

This offer expires on December 31, 1998 and is AVAILABLE FOR NEW SUBSCRIBERS ONLY.

Return your completed coupon to:
Delphine Prinzelar, International Herald Tribune,
63 Long Acre, London WC2E 9JH.
Fax: (0171) 240 34 17 E-Mail: subs@iht.com UK14

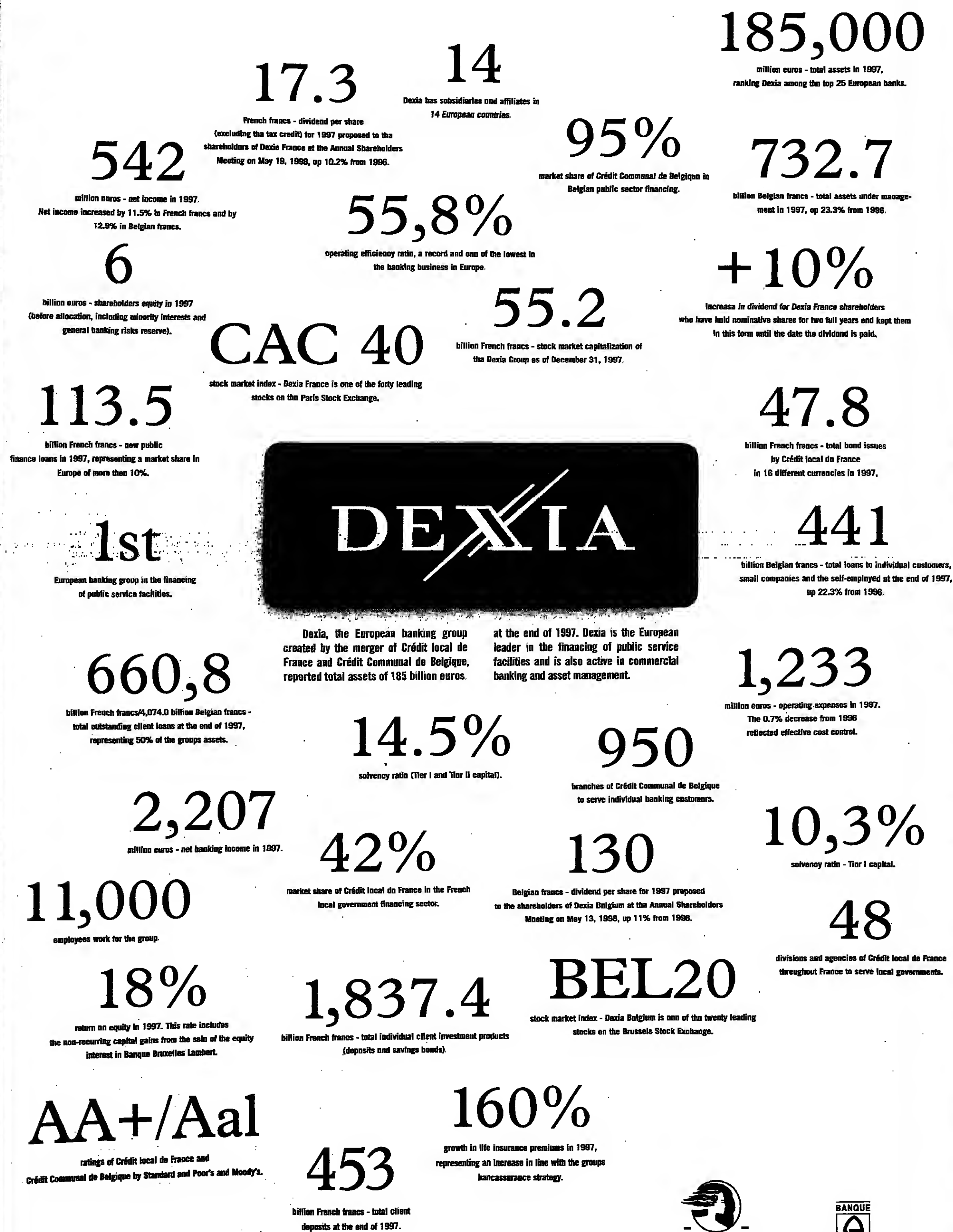
READERS IN OTHER COUNTRIES CAN SUBSCRIBE BY CALLING:

EUROPE, MIDDLE EAST & AFRICA Tel: +33 1 41 43 93 61 Fax: +33 1 41 43 92 10

THE AMERICAS Tel: (USA toll free) 1-800-882-2884 Fax: +1 212 755 8785

ASIA Tel: +852 29 22 11 71 Fax: +852 29 22 11 99

You really know a bank when you know its financial results.



<http://www.Dexia.com>



INTERNATIONAL

Serbian Forces Claim Heavy Strikes Against Kosovo Separatists

PRISTINA, Yugoslavia — Serbian forces, accused by Albania of waging genocidal war in Kosovo, said Wednesday that they had dealt a "heavy blow" to guerrillas fighting for independence.

Serbian security sources said 40 people, including two Serbian policemen, had been killed during a five-day operation against ethnic Albanian rebels in Serbia's southern province.

Albania, hit by an influx of refugees, said Kosovo was already at war. Foreign Minister Paskal Milo said in a television interview, "The situation created in Kosovo requires urgent intervention to stop the genocide there, which is now being expressed in all its force."

"If this conflict explodes like it is exploding, it will in the near future create scenes that would be worse and much more painful than Bosnia."

Ethnic Albanian leaders pleaded with Western officials Wednesday for military intervention to halt what they said is a deliberate Serb strategy of forced expulsions from Kosovo.

Top aides to Ibrahim Rugova, the president of the Albanians' self-described independent government, met with a European delegation in Kosovo's capital Pristina on Wednesday. They told the delegation of the Organization for Security and Cooperation in Europe that the situation was dramatic and the North Atlantic Treaty Organization must intervene. They said world powers also must pressure President Slobodan Milosevic of Yugoslavia, who is determined to keep Kosovo from breaking away from Serbia, one of two remaining republics in Yugoslavia.

But NATO allies, with 34,000 troops already in neighboring Bosnia, are reluctant to commit another big contingent

to the Balkans. Meeting in Brussels on Wednesday, they agreed to consider again whether to deploy combat troops to Albania and Macedonia on Kosovo's borders, but indicated a decision was not imminent.

ANATO official said, "We all agreed we cannot proceed until we have solid, well thought-out military advice."

Violence between Serbs and ethnic Albanians has escalated in recent days, forcing many hundreds of refugees to spill across the border into northern Albania.

The heightened tension has fueled fears of a wider Balkan conflict, just three years after the war in Bosnia ended, that could suck in neighboring countries like Albania and Macedonia.

Serbian security sources said they were mopping up in a five-day operation against ethnic Albanian guerrillas to secure roads and territory in Kosovo.

One source said, "The army dealt a heavy blow to the terrorists, cutting off their supply and escape routes."

Guerrillas of the Kosovo Liberation Army, which seeks independence from Belgrade, had put up fierce resistance. According to Albanian sources, Serb forces shelled at least five villages Wednesday in an area of western Kosovo near the Albanian border, sending more residents fleeing. Houses were set ablaze in the attack by Serb police and paramilitary units, backed by Yugoslav army tanks.

New casualty reports from the sealed-off area were not available. Dozens are

believed dead since the start of a stepped-up campaign last week by the Serbs.

More than 250 people have been killed in Kosovo since February. They include 20 police killed by the Kosovo Liberation Army, which has expanded rapidly since scores of ethnic Albanians died in police assaults during the winter.

An ethnic Albanian envoy told Albanian television that Decani, a town of 2,000, had been reduced to rubble after Serb forces pounded it with tanks and armored personnel carriers at the weekend.

He compared it to the destruction of Vukovar, a Croatian town that was razed in a three-month siege by the Yugoslav People's Army and Serb paramilitary forces in 1991.

With escape routes into Albania blocked by the army, a Serb source said the next stage was to force the Kosovo Liberation Army rebels to pull back into the central Drenica region before starving them into surrender. In Rome, Skender Hyseni, spokesman for Mr. Rugova, said Wednesday that the flood of people fleeing to Albania was a "very bad omen" and a sign ethnic cleansing was under way. (Reuters, AP)

KOSOVO: Ethnic Albanians' Flight Raises Fears of a Wider War

Continued from Page 1

fiercest since a crackdown in February and March left about 80 dead.

The tensions in Kosovo erupted three months ago when President Slobodan Milosevic ordered a military campaign against separatist ethnic Albanian guerrillas.

Although details about the latest Serbian assault are sketchy, it is apparently aimed at clearing the Kosovo-Albanian border region of guerrilla sympathizers. Weapon smuggling from Albania to the Kosovo Liberation Army, the main ethnic Albanian rebel group, is said to be rampant in the border mountains.

A group of refugees sat in a meadow Tuesday near this village to draw a map of the communities hit by Serbian artillery and mortar shells. When they were finished, the villagers had drawn a 32-mile swath of western Kosovo, just north of the Albanian border, that they said had been devastated by the Serbian assault.

The attackers have pounded at least 10 communities between the towns of Dakovica and Decani, the refugees said.

"There's nothing, nothing left," said Abdul Mazrekun as he walked down a hillside in the blistering sun. "As soon

as the Serbs began setting houses on fire, people ran. They took over the hospital, everything."

The growing refugee crisis in Albania has led to renewed calls by the Albanian government for NATO assistance along the border region. Western analysts have long feared that the Kosovo crisis could provoke a broader regional conflict in the Balkans, perhaps involving Albania and neighboring Macedonia, which also has a sizable ethnic Albanian population.

Albanian government authorities were virtually nonexistent in this northern region. And the Albanian military, devastated in last year's civil unrest, was nowhere to be seen. Local police and community leaders organized convoys of four-wheel-drive vehicles to bring people down from the mountains. The bulk of the relief effort was being left to international organizations.

Reaching the border region from Tirana, the Albanian capital, required an arduous six-hour journey by ferry and then car — and demanded careful planning. The ferry, a rusty vessel, runs once a day up the Adriatic coast to northern Albania. The region's roads are narrow and crumbling, more dirt than asphalt.

Representatives from the International Committee of the Red Cross arrived in

northern Albania on Tuesday. The Organization for Security and Cooperation in Europe, which began monitoring the border three months ago, beefed up its staff.

The UN agency began unloading three truckloads of blankets, flour, cooking oil, sugar and ready-to-eat meals. Many refugees climbing down the treacherous foot-wide paths, slippery from brooks and donkey dung, appeared to be in shock. They often broke into tears, warning that sick and elderly people had been left behind.

Conversations with some refugees revealed a pattern of forced expulsion that is familiar in the strife-ridden region of Yugoslavia.

Refugees here said they found telephone and electricity lines cut about two weeks ago, and then late last week Serbian forces began shelling their communities.

"We didn't wait for the soldiers to come," said Syliman Hajdergjoni, 38, a father of three, while he rested on a dirt path as 14 relatives and friends listened. "We know they shell first and then massacre."

"We hadn't planned on coming here but then we saw them burn the village," he added. "If you see the burned houses, you know this is a war."

LAWYERS: New Lewinsky Team

Continued from Page 1

Edwin Meese 3d during the administration of Ronald Reagan.

Just last week, Mr. Stein received an award from the Council for Court Excellence which was presented by Mr. Starr himself, who is the group's president.

Mr. Cacheris represented former Attorney General John Mitchell during Watergate and Lieutenant Colonel Oliver North's former secretary, Fawn Hall, during Iran-contra.

He has tight personal relationships with several of the key players in the current saga. His close friend and former law partner, William Hundley, represents Vernon Jordan Jr., the Clinton confidant being investigated for his role in trying to find a job for Ms. Lewinsky when her testimony was being sought in the Paula Jones lawsuit against Mr. Clinton.

Mr. Cacheris also is a former partner of Gerard Treanor, who represents several other grand jury witnesses, and is close friends with Robert Bennett, who represents Mr. Clinton in the Jones case.

Lawyers involved, however, said there would be no conflict. "Even though Plato and I are the best of friends, he's going to represent his client and I'll represent mine," said Mr. Hundley, who also represented Mr. Mitchell during Watergate.

Each of the two new lawyers brings his own skills as well. Mr. Stein is known for filing top-rate legal motions, while Mr. Cacheris has built a reputation for getting along with prosecutors.

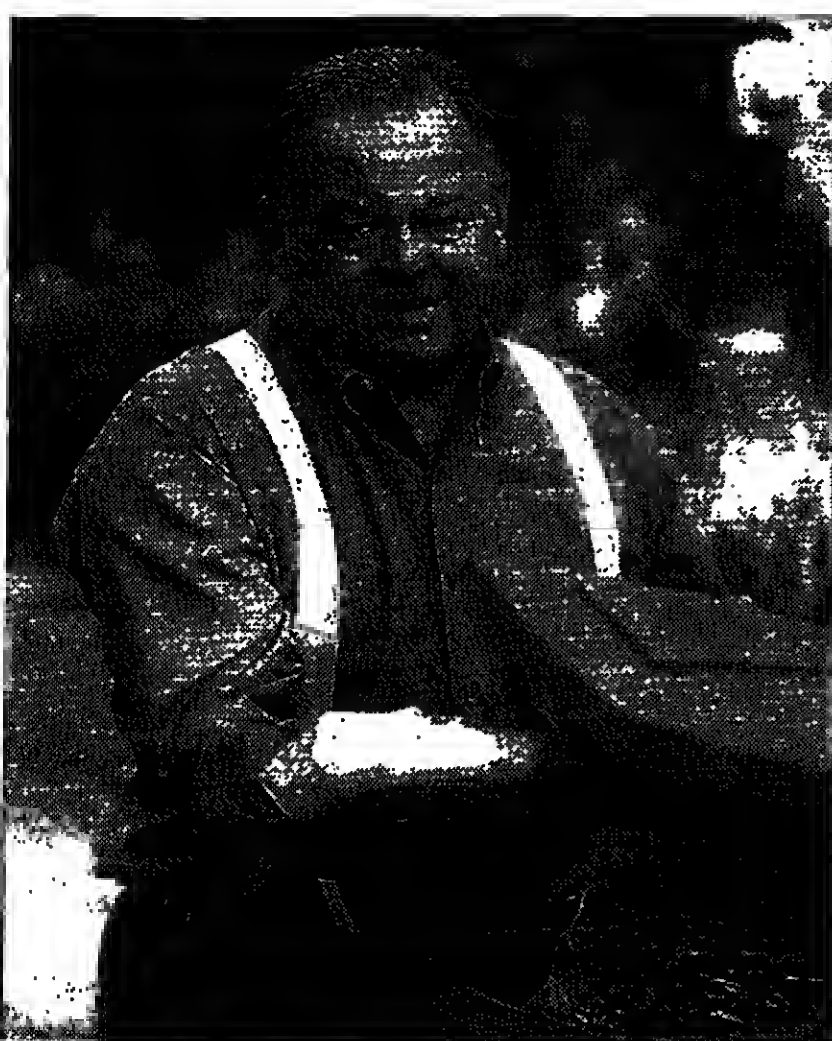
Mr. Ginsburg, a friend of Ms. Lewinsky's father who was hired the January night that Mr. Starr's prosecutors confronted her in a hotel in Arlington, Virginia, brought no such background to the case.

While widely praised as a civil attorney, Mr. Ginsburg had a sharp learning curve when it came to criminal law, as he later acknowledged.

He thought he had a binding immunity agreement with Mr. Starr that a court later deemed worthless. He suggested on national television that his client was immature and a fantasist, seeming to hint one moment that she did have sex with Mr. Clinton and then denying it the next. He tipped off the news media as he escorted Ms. Lewinsky around town many evenings, but kept her in seclusion the rest of the time.

In recent weeks, he set up a photo shoot for Ms. Lewinsky so she could pose for Vanity Fair, saying she needed a pick-me-up because her "libido" was "imprisoned," a move that troubled many close to her.

And in what some people familiar with the situation described as the final straw, he published an open letter last week without first notifying her family in which he harshly attacked Mr. Starr, suggesting the prosecutor "may have succeeded in unmasking a sexual relationship between two consenting adults."



Plato Cacheris, one of Monica Lewinsky's new lawyers, talking to reporters while taking out the garbage at his Alexandria, Virginia, home.

BOTH: An Apartheid-Era Killer Brands Ex-Leader a 'Coward'

Continued from Page 1

tention of humiliating Mr. Botha, as Mr. Botha has claimed, said Archbishop Tutu. Nor did the commission wish to put Mr. Botha on the spot as a loser of the battle over white-minority rule. "There is no gloating," Archbishop Tutu said. "I don't gloat."

But with minutes of the Botha's State Security Council clearly showing that the president had approved a policy to "eliminate" and "neutralize" state enemies, Archbishop Tutu said the truth body had to question Mr. Botha directly. Mr. Botha's lawyers, as well as several other political officials of his era, have claimed that the words "eliminate" and "neutralize" were misinterpreted by security officials, who wrongly assumed they meant to kill.

Archbishop Tutu said, "Whether that was the intent of the State Security Council or not, people were killed."

Mr. Botha is the only apartheid-era president to stand trial. Though the charge against him is the relatively minor one of contempt, the case has become a political test between the old South Africa and the new, with Mr.

Botha attempting to defy the brand of institutionalized truth-telling and reconciliation that has taken hold here since the first all-races election in 1994.

Mr. Botha has called the truth-telling process a "circus" and an attack at the Dutch-descended Afrikaner people who ruled the country under apartheid. He has vowed never to testify before it.

If he is found guilty, Mr. Botha could face two years in jail, a fine or both, though few expect that the aged and infirm former president will do time behind bars.

Mr. Botha's lawyers allege that the truth body has treated Mr. Botha with bias, and that Archbishop Tutu reneged on a deal that would have allowed Mr. Botha to answer truth body questions in writing only.

"I am surprised at that assertion because I did not give such an undertaking," Tutu said in his testimony Wednesday.

Mr. Botha also has claimed, in correspondence with Archbishop Tutu, that the only case in which he has been directly implicated, the 1988 bombing, did not amount to a gross human rights violation and therefore was not within the truth body's mandate.

But Mr. de Kock testified that his team of secret bombers were fully prepared to kill should they encounter any

opposition during their mission. Indeed, he said, they were under orders even to kill fellow police officers should they encounter any. He also said they expected there could be fatalities from the blast, but that in his line of work "that sometimes would happen."

The order to blow up the church headquarters, known as Khotso House, in central Johannesburg, was rare, he said, because it targeted property on South African territory rather than abroad, as had been the previous pattern of targeting anti-apartheid organizations in exile. Because of that, he said, he asked his superior who had ordered the operation. During his trial for murder and other crimes in 1996, Mr. de Kock testified that his superior told him the order came from Mr. Botha himself. But in Wednesday's proceedings, the prosecutor, Bruce Morrison, did not raise the question directly.

The attempt to bomb Khotso House almost did not happen. The first time around, the bombers carried cylindrical limpet mines in plastic shopping bags, but the bags broke and the mines rolled down the Johannesburg street. The mission was aborted.

For the second try, Mr. de Kock was asked, he said, because of his special expertise at getting covert operations done.

situation on Thursday.

"The strike is continuing," said Jean-Charles Corbet, the chief negotiator for the pilots after a first round of talks with Air France management on Tuesday that apparently got nowhere. "It will probably be long, it will probably be tough. Its effects will probably be devastating for the accounts and the image of the company."

Officials said the resumed negotiations would continue late into the night Wednesday.

"I feel sad and almost ashamed," said the interior minister, Jean-Pierre Chevènement, who accused the pilots of holding the World Cup hostage and spoiling the global image of France.

Michel Platini, co-president of the World Cup organizing committee said "The image of France is at stake."

Rail workers threatened to walk out between June 9 and June 11. The World Cup, which will take place in 10 geographically dispersed cities, was scheduled to open June 10 and last more than a month.

Railroad workers also threatened to strike in Nantes and Lyon, two cities that will be host to World Cup games. Rail traffic in southern France was expected to be heavily disrupted Thursday after workers in Marseille walked out Wednesday night.

In Paris, workers on the Metro and regional express railroad said they would go on strike Thursday, but the city transportation authority said it would manage to operate most trains.

Unions at private security companies also are threatening strike action during the World Cup.

And passengers at Charles de Gaulle Airport were forced to pick up their luggage from planeside on the second day of a baggage handlers' strike over a pay dispute.

All this is within a tradition of using a major event to squeeze extra money and benefits out of employers, and government officials clearly were hoping the strike threats would evaporate as the

World Cup approaches.

But many of the 3,200 Air France pilots, seeking to preserve their earning power, seemed determined to push their action to the limit, even if it meant imperiling the soccer tournament. Mr. Corbet spoke in more conciliatory terms about the union's willingness to engage in a dialogue as it and the Air France management met Wednesday, but he made it clear that the pilots were not backing off one iota from their position, which opposes any reduction of their earnings.

Mr. Corbet said he could understand Mr. Spinetta's demand to control salary costs, but insisted that this could be done without touching the pilots' pay packets.

Air France seeks to economize 500 million francs a year on pilots salaries to help pay for a 40 billion franc (\$6.6 billion) investment plan that would include the purchase of 70 new aircraft and the hiring of 600 pilots. Mr. Spinetta said that the means of introducing the savings were open to discussion, but he said there could be no going back on the company's overall economic objectives.

In exchange for a pay freeze or reduction, it is offering the pilots shares in the state-owned company when it is partly privatized later this year. They have refused, alleging the company is trying to make them give up the equivalent of two months' pay a year.

Air France made more than 1.8 billion francs in profits last year after years of hefty losses and 20 billion francs in cash infusions from the French taxpayer. Its president, Jean-Claude Spinetta, insists that future investments must come out of the company's earnings rather than by increasing debt. The company also maintains that its pilots are better paid than at rival airlines such as Lufthansa and British Airways.

Air France estimates the strike is costing it 100 million francs a day in lost earnings.

BRIEFLY

Sudan Insurgents Capture Garrison

NAIROBI — Sudan's southern rebels said Wednesday that they had captured a major garrison town in the west of the country, clearing the way for an offensive on strategic government and foreign-operated power projects and oil fields.

The Sudan People's Liberation Army said its forces had taken Ulu, a government-held garrison town in southern Blue Nile province near the Ethiopian border, early Tuesday.

"It was captured yesterday early in the morning," a rebel official, George Garang, said in Nairobi. "It took some hours, there was heavy fighting." He said there were 72 government casualties and many wounded, while around 25 rebel fighters were killed. (Reuters)

Turkish Rebels Kill 8

TUNCELI, Turkey — Kurdish rebels killed eight civilians when they sprayed bullets into a minibus in the eastern province of Tunceli on Wednesday, Turkish security officials said.

The officials said that at least eight people were wounded in the attack near Salman village. The wounded were taken by helicopter to hospital in the nearby town of Elazig.

Kurdish Workers Party rebels have renewed attacks on soft targets, following recent Turkish claims

to have largely defeated the group. (Reuters)

No on Cuba Initiative

CARACAS — The United States has shrugged off an attempt by other American nations to debate the return of Cuba to the region's main forum, and U.S. officials said there was no consensus for it.

Despite calls by several foreign ministers at an annual conference of the Organization of American States for a discussion of Cuba, Secretary of State Madeleine Albright dismissed Havana's qualifications to rejoin the grouping.

The 34-nation OAS was composed of democracies, Mrs. Albright told a news conference, "and I think that everybody would agree that Cuba does not meet those credentials." (Reuters)

Ecuador Favorite

QUITO, Ecuador — Jamil Mahuad, the mayor of Quito, became the favorite to win the second round of Ecuador's presidential election in July when the country's third-biggest political force threw its weight behind him.

The Democratic Left added its support to that pledged by the Christian Socialists after Sunday's first-round victory for Mr. Mahuad, the 48-year-old candidate for the centrist Popular Democratic party.

Mr. Mahuad faces a businessman, Alvaro Noboa, in the second round on July 12. (Reuters)

CHINA: Citing Stability, Clinton Calls for Renewing Most-Favored Nation Trade Status

Continued from Page 1

to enter the United States at the same low tariff rates enjoyed by all but a handful of countries, which include North Korea and Cuba. Helped by those low rates, U.S.-China trade has risen steadily. Last year, the United States imported nearly \$63 billion in goods from China, while selling \$13 billion to it.

Since the May 4, 1989 massacre by Chinese troops of democracy advocates in Beijing, Congress has held heated debates each year on renewing the trade status. U.S. objections about Chinese human rights abuses, trade practices and sales of military technology have added fuel. Last year's debate took place under a cloud cast by the uncertainty surrounding Hong Kong's handover to China.

While the fears of many in the former British colony have eased, and China in the past six months has released some prominent dissidents, the debate this year promises to be one of the more vigorous since presidential certification was first required in 1980.

Allegations that the Chinese military channeled money to the Democratic National Committee have outraged many in Congress, as have suggestions that a U.S. company received a waiver to have a Chinese missile launch its satellite because the company's owner had donated money to the Democrats. The administration has denied that the donations influenced its waiver decision.

Some critics of the administration have said the Indian nuclear tests, which precipitated the tests by Pakistan, confirmed

their fears about U.S. policy on China. By dealing too casually with Beijing, these critics have said, the United States has strengthened and emboldened China, fanning a sense of insecurity among Indians. China, a staunch ally of Islamabad, helped Pakistan develop its bomb.

Congress now has 90 days to debate and possibly seek to overturn the extension of favored-nation trade status.

But while debate could sour the atmosphere as Mr. Clinton prepares for a China visit late this month that is intended to confirm an improving relationship, his will is unlikely to be thwarted. Both houses of Congress would have to summon an almost unobtainable two-thirds

majority to override a Clinton veto.

In Geneva on Thursday, Mrs. Albright and foreign ministers from the other Security Council permanent members — Britain, China, France and Russia, all of them declared nuclear powers — will seek a common approach to lowering the sharp tensions between India and Pakistan.

"Right now," Mrs. Albright said Thursday, "the most important thing both sides can do is to cool it and take a deep breath and to begin to climb out of the hole they have dug themselves into."

She listed these objectives for "Geneva and the days ahead":

• an end to nuclear testing;

• agreement by both not to deploy or test missiles;

• an end to "inflammatory rhetoric" and to "provocative military activity."

Longer-term goals, Mrs. Albright added, include easing the Indian-Pakistani conflict over Kashmir; urging both countries to sign unconditionally the Comprehensive Test Ban Treaty, or CTBT, and to halt production of fissile materials, and engaging both in a process for regional arms control.

The Senate has yet to ratify the treaty, which has been signed by 149 countries, and Mr. Clinton said that "if we're calling on other nations to act responsibly, America must set the example."

TRAIN: 100 Are Killed in Worst Postwar Rail Crash in Germany

Continued from Page 1

on survivors while others were taken to hospitals in Hamburg, Hannover, Bremen and elsewhere.

"There was a loud noise, like a helicopter, a crashing, and then there were rail cars in front of my door," said a woman living near the tracks.

Seats and suitcases had been thrown clear of the train along with splinters of metal and chunks of concrete from the bridge.

The high-speed ICE trains can travel at speeds of up to 380 kilometers an hour and routinely travel at 200 kilometers an hour on the stretch where the accident occurred. But police and railroad off-

icials said they could not confirm early reports that a car atop the road-bridge had somehow swerved through safety barriers to land on the tracks in the path of the train or on the train itself.

"As far as the cause of this accident is concerned, we are still in the area of speculation," said Joachim Lindenberg, a police spokesman.

He confirmed that the ruins of a car had been found in the wreckage, but said it was unclear whether the car finished up there after the bridge collapsed when the train plowed into it.

"The train is regarded as the safest in Germany," a German Railroads spokesman said. Since the ICE trains came into service in 1991, none of the 104 aero-

dynamic trains in the fleet had been involved in a fatal accident, he said. The ICE trains have airline-type seats, restaurants and telephones and are regarded by many travelers as luxuries.

94 Were Killed in '67 Crash

In what was previously the deadliest German rail accident since World War II, 94 people were killed in 1967 near Magdeburg, in what was then East Germany. The Associated Press reported. A crossing barrier closed on a rail tanker filled with gasoline, causing it to explode and spreading fire into passenger cars. The worst accident in western Germany was in 1971, when a passenger train collided with a freight train, killing 46 people.

INTERNATIONAL

'No Fair, Say No-Frills Airlines, as BA's Enfant Terrible Joins Sky War'

By Andrew Ross Sorkin
New York Times Service

LONDON — Commuters who walk into the subway at Piccadilly Circus these days cannot help but see the giant advertisement for Go, British Airways PLC's new no-frills carrier. Not far away is a considerably smaller, bright-orange poster for Easyjet Airline Co., a European bargain airline.

It reads: "Fly the Real Thing. GO Easyjet."

The size and juxtaposition of the two ads say a lot about the war over the growing low-cost, no-frills European airline market now that British Airways has pushed its newborn into the fray.

Go, which began serving Italy on May 22 with flights to Rome and Milan, has a lot of muscle behind it. But it has come under fire from Britain's four other no-frills carriers operating in Europe —

Ryanair of Ryanair Holdings PLC, Easyjet, Debonair and Virgin Express — all of which contend that British Airways is unfairly using its market dominance and deep pockets to subsidize Go to drive them out of business.

"I am absolutely disgusted," said Stelios Haji-Ioannou, founder and chief executive of Easyjet. He has taken British Airways to court here and is expecting to go to trial in several months. "It's impossible to compete against someone who is trying to lose money."

For its part, Go, which has been set up as a wholly owned subsidiary of British Airways, says it is completely independent of its owner and is simply interested in finding a profitable niche in the low-cost market created by the deregulation of European airlines.

"Being owned by BA is a double-edged sword," Barbara Cassani, chief executive of Go, said last month. "We

are certainly a better airline because we are owned by BA, but it obviously makes us a target."

Ever since British Airways announced last year that it intended to enter the no-frills airline business, executives from competing carriers have been on the attack.

"BA has done a lot of anti-competitive things over the years," said Richard Branson, chief executive of Virgin Group Ltd., which operates Virgin Express along with Virgin Atlantic Airways, its original airline, which competes with British Airways on several international routes. "I think they are determined to get rid of low-cost carriers and subsidize Go to make it happen."

While low-cost carriers like Southwest Airlines Co. have been part of the U.S. airline industry for years, no-frills carriers are relatively new in Europe. They exist largely because the European

Union opened the door in April 1997 to increased competition. The idea was to provide an alternative to the long-established European carriers, most of which began as state-sponsored airlines.

The London hub is the most hotly contested. Round-trip tickets on a British Airways flight to Rome, for example, typically cost £189 to £338, depending on the class of service and time of purchase. But a no-frills round-trip flight to Rome on Debonair, part of Debonair Holdings PLC, costs as little as £119 (\$194.83). Now Go is charging only £100.

The sharp drop in prices has caused a surge in passengers, but competitors of Go say its fares are too low for anybody to make money.

Easyjet, in its lawsuit, contends that Go will unfairly benefit from subsidies by its parent, arguing that British Air-

ways is illegally supporting Go by guaranteeing its aircraft leases and by providing help in other ways, such as offering insurance, advertising and other services at below-market rates.

A week before Go started service, a judge denied Easyjet's request for an injunction stopping British Airways from guaranteeing the leases of five Go planes. But he also refused British Airways' request to throw out the suit. Upon hearing the ruling, both companies claimed victory.

"All I want from the ultimate outcome of this whole thing is for them to play fair," said Mr. Haji-Ioannou said.

But some outsiders say the fight is as much for publicity as for legal victory. "I don't think BA has an agenda to drive Easyjet out of business," said Steve Clapham, a travel industry analyst at Robert Fleming Securities in London. "Easyjet is just looking for publicity."

Debonair is taking on British Airways by requesting an investigation by the European Commission in Brussels, which governs competition.

"I can show you they have predatory pricing," said Franco Mancassola, chief executive of the no-frills airline. "Our objection is that their prices are unsustainable."

Ms. Cassani of British Airways dismissed the accusations.

"We have never said we plan to maintain these prices," she said. "Like any introduction, they are promotional prices. We will introduce a flexible fare later in the year."

For all the backing of its parent, Go has started modestly. In addition to flights to Rome and Milan, it will begin service to Copenhagen Friday. The only other no-frills carrier that operates direct flights on those three routes is Debonair, with its London-to-Rome service.

Eritrea-Ethiopia Conflict: New Fighting Erupts

By James C. McKinley Jr.
New York Times Service

ASMAR, Eritrea — Heavy fighting broke out early Wednesday between Ethiopian and Eritrean troops along the common border of their two countries, dealing a serious blow to diplomatic efforts to avert a full-scale war between the former allies, Eritrean officials and witnesses said.

Eritrea said the Ethiopian troops crossed the border and attacked at 5:30 A.M. on Eritrean positions in the Ambese Gebela region, just west of the border town of Zala Ambessa, about 150 kilometers southwest of this capital.

The Ethiopian troops used tanks and heavy artillery in the assault, a spokesman for the Foreign Ministry, Andemicael Kahassai, said. The fighting continued into the late afternoon, Eritrean officials said. No casualty figures were available.

who were trying to bring the two sides to the negotiating table remained in the Ethiopian capital, Addis Ababa.

The two countries had been allies since Eritrea became independent in 1993, but until recently they had disagreed peacefully about their border.

Ethiopia maintains it has jurisdiction over a number of areas that used to be part of the Ethiopian administrative province of Tigre, but Eritrea claims those regions are now within their territory and has produced turn-of-the-century treaties between the Italian colonizers and the Ethiopian emperor as proof of their claims.

The dispute turned violent on May 6 when Eritrean troops clashed with Ethiopian forces near the border town of Badame, southwest of Asmara.

Each side accuses the other of invading.

Since then, both governments have sent tens of thousands of soldiers, backed by tanks and artillery, into the disputed regions, while U.S. diplomats and regional leaders have shuttled between the capitals in a frantic attempt to find a peaceful solution to the conflict.

But Ethiopia has insisted Eritrea withdraw its troops from what it considers Ethiopian territory before talks can begin. Eritrea, meanwhile, has refused to withdraw, claiming its soldiers had overpowered what it considers the border.

Eritrea has also said its troops in Badame only took back land the Ethiopians had occupied last year. For more than

nine months, Eritrean officials said, Ethiopian officials in Tigre have tried to extend their influence northward by sending settlers into Eritrean territory and setting up administrations.

A full-scale conflict would be disastrous not only for the two countries, who are still trying to rebuild after decades of civil war, but also for the stability of the region, diplomats say.

Mr. Andemicael said Wednesday that the fighting was the fifth time in the last week that Ethiopian troops had attacked Eritrean positions along the border.

Three of these attacks, he said, took place in the region around Badame last week. The most recent occurred Sunday near the town of Alitena, about 25 kilometers east of the current fighting.

In the clash Sunday, Ethiopian officials say Eritrean troops crossed the border and fought Ethiopian militia at the town of Dalgana. The militia later withdrew. Ethiopian troops then engaged the Eritreans and pushed them back into Eritrea, these officials said.

Eritrea's version of the clash near Alitena is radically different. Eritrean military officials deny invading Ethiopia and maintain it was the Ethiopian troops who penetrated nearly 20 kilometers into Eritrean territory.

Despite the renewed fighting, Mr. Andemicael said Eritrea remained committed to finding a peaceful solution. He

said Eritrea was still calling for both countries to pull their troops back from the border and create a demilitarized zone. Eritrea has also called for a third country or for the United Nations to arbitrate the dispute and demarcate the border once and for all.

"Unfortunately," he said, "the Ethiopian government persists in its intransigent position of launching a full-scale war unless Eritrea withdraws unconditionally from territories that are indisputably Eritrean."

Earlier this week, Ethiopian officials said the Eritrean actions around Badame and Sheraro amounted to an invasion and to start negotiations before Eritrean troops withdrew would be to surrender Ethiopian sovereignty over the region.

"Unless you draw the line here, nobody will be able to know what the Eritreans might do tomorrow," the deputy foreign minister of Ethiopia, Tekeda Alemu, said Sunday.

Eritrea has a regular army of about 35,000 men, most of them battle-hardened veterans from the 30-year war for independence that ended in 1991 with the defeat of Ethiopia's Marxist dictator, Megegistu Haile Mariam. It has also called up at least 10,000 reservists and sent them to the frontier.

For its part, Ethiopia has about 120,000 men under arms, though it is unclear how many of them are in Tigre. Many of the top commanders and enlisted men in the Ethiopian Army are former rebels from Tigre who fought with the Eritrean rebels to overthrow Mr. Mengistu.



DANGEROUS SEARCH — United Nations weapons experts wearing protective gear as they probed the desert north of Baghdad on Wednesday with sensors, looking for missile parts Iraq says it buried.

The outbreak of fighting has raised fears of a full-scale war.

BOOKS

A HOPE IN THE UNSEEN An American Odyssey From the Inner City to the Ivy League

By Ron Suskind. 372 pages.
\$25. Broadway.

Reviewed by Jonathan Yardley

THIS is the story, at once heartening and discouraging, of a young man named Cedric Jennings, a student at Frank W. Ballou Senior High, "the most troubled and violent school in the highest southeast corner of Washington, D.C." The good news is that through dedication, hard work and commitment, Jennings moved on from Ballou to Brown University; he was "on a mission to get out of here, to be the one who makes it." The bad news is implicit in that statement; too few other students have followed similar paths, too many have drifted along into sad, stunted, self-destructive lives.

"A Hope in the Unseen," like the story it tells, is a risky undertaking with its strong and weak points. Ron Suskind is a white journalist, and most of the people in this narrative are black; he has made a tremendous empathetic leap, and his effort seems to have succeeded, although only black readers will be able to say with real authority whether that is so. He has also, in the manner of the "new" journalism, tried to work himself into the minds of the people he writes about; he claims to have done this with the cooperation and endorsement of those involved, and there is no reason to doubt him, but since any attempt to get inside another person is always doomed to failure, we do well to read these passages with friendly skepticism.

Cedric Jennings graduated second in his class at Ballou in the spring of 1995. This in itself was no mean achievement, for it was done against financial privation — his mother is a low-level federal

employee and his sole support — and, even more important, in a culture steeped against academic success. This is an old and familiar story. At Ballou, a "Wall of Honor" established to celebrate students of academic distinction was an object of contempt and derision, and for Jennings his place on that wall was a decidedly mixed blessing.

"Cedric's 4.02 grade point average virtually ties him for first in the junior class with a quiet, studious girl named LaCountess Spinner. Pride in such accomplishment is acceptable behavior for sterling students at high schools across the land, but at Ballou and other urban schools like it, something else is at work. Educators have even coined a phrase for it: They call it the crab/basket syndrome: When one crab tries to climb from the bucket, the others pull it back down. The forces dragging students toward failure — especially those who have crawled farthest up the side — flow through every corner of the school. Inside the bucket, there is little chance of escape."

Cedric Jennings, "an angular, almond-eyed boy," became one of the rare escapees as much because of the sense of mission as because of the more practical qualities he brought to the task. In the words of a classmate and friend who encouraged and admired him in one of his many times of uncertainty and despair: "You've worked too long, too hard, to give up now. You're a special person. Cedric. It's not like you're so much smarter than everyone else, necessarily. It's just that you know in your heart that you're gonna make it — and that's the key."

That girl was one of several people whose support was essential to Jennings: his mother, a friendly teacher, his pastor.

In the end, though, he had to make it on his own; no one else could take those SAT tests or endure the tensions of

riding out the many obstacles he had to overcome or making the hard, painful adjustment to being a ghetto black kid at a rich white kid's Ivy League university. Not merely that, but Jennings had — and presumably still has — a healthy skepticism about the benefits of affirmative action. Though he has been the beneficiary of some of its outgrowths, he understands that he is a discrete individual whose success or failure is tied to his own strengths and weaknesses rather than to his identity as a member of a "victimized" group.

In this he was encouraged by Justice Clarence Thomas of the Supreme Court, who takes an interest in ambitious black youths and invited Jennings to his chambers. Counseling him about the prospect of an Ivy League education, Thomas said: "No doubt, one thing you'll find when you get to a school like Brown is a lot of classes and orientation on race relations. Try to avoid them. Say to yourself, 'I'm not a black person. I'm just a person.' You'll find a lot of so-called multicultural combat, a lot of struggle between ethnic and racial groups — and people wanting you to sign on, to narrow yourself into some group identity or other. You have to resist that, Cedric. You understand?" The counsel proved wise.

At Brown, Jennings found it "tiring to always be talking about race, about black views of this or white views of that, but at least it was talking." There must be times when he wonders if the university cares more about him as a black person — a jewel in its crown of diversity — than as Cedric Jennings. But after a slow start there, he has found his pace and now seems on track to graduate, a year hence, and begin his life in the real world. Though it is tempting to describe his passage there as a miracle, in fact it is a story of sheer human grit that should be read by others as example and inspiration.

Washington Post Service

BRIDGE

By Alan Truscott

THE diagrammed deal does not, as might appear, have a misprint in the bidding diagram. When it was played in a duplicate game at Honors Club in Manhattan, Arthur Pogran, sitting North, had an accident. It happened because bidding boxes were in use, and he was required to make his bid by placing the appropriate card face up on the table. He reached for the one-heart card, placed it on the table, then realized in horror that the card was black, not red. He had bid one spade.

As the director explained to Pogran later, the situation is not the same as playing a card by mistake. A bidding card played in error can be

retrieved immediately and replaced without penalty. But he was in shock, and sat there silently while East passed and South bid one no trump. West assumed, not unnaturally, that North held the other five spades and that East and South were void. Bidding two spades would have sounded like a cue-bid, asking East to bid, so West decided that a discreet pass was indicated. He was astonished to find that the bidding ended.

North was tempted to bid his hearts but feared a disastrous preference to spades. He passed, wishing he was at home watching television, and East saw no reason to enter the fray. West led the spade jack, Pogran nervously exposed his dummy, and

three players gazed at it in disbelief. "Director!" bellowed West, and explained the auction to official ears. Everyone stared at Pogran.

"Of course, I meant to pull out the one-heart ticket," he stammered. "Maybe my fingers were sticky. It was an accident."

"It's a perfectly legal bid," announced the director. "Continue to play." He walked away, leaving West grinding his teeth.

South, in shock like everyone else, won the first trick with the spade king and led a club instead of cashing two heart winners. This made no difference at all, since down six for minus 300 was a top score for North-South. At every other table East-West

scored 450 for making four spades with an overtrick. It is believed that West is still muttering, "Why did he have to have his accident against ME?"

NORTH (D)			
♠ A K 5 4 3			
♥ J 8 7 2			
♦ A J 10 8 6 5 4 2			
♣ Q Q			
♠ A K			
EAST			
♠ J 9 8 6 2			
♥ K 10 6 2			
♦ A K			
SOUTH			
♠ K Q			
♥ 10 7			
♦ 9 7 5 4			
♣ J 9 8 5 4			
Neither side was vulnerable. The bidding:			
North	East	South	West
1 ♠	Pass	1 N.T.	Pass
Pass	Pass	Pass	Pass
West led the spade jack.			

RUSSIA: Yeltsin Once Again Stirs Into Action to Deal With a Crisis

Continued from Page 1

was Mr. Yeltsin's second crisis this spring. The first he created himself in March when he fired his long-time prime minister, Viktor Chernomyrdin, and named his young new nominee, Sergei Kiriyenko, through a referendum Parliament.

With Russia's next presidential elections two years away, the jockeying for political position has already begun, and not only in the Kremlin. As some observers noted, the bankers and businessmen who assembled around Mr. Yeltsin's table on Tuesday were there not only to help sort out Russia's finances, but also to resume a relationship that will be key if Mr. Yeltsin chooses to run again.

Much has changed in Russia since the presidential elections of 1996, when Mr. Yeltsin was able to summon the nearly unanimous support of the country's business tycoons and their privately-owned media outlets.

Several of those tycoons — including Vladimir Gusinsky, the media mogul who was at the Kremlin on Tuesday, and Boris Berezovsky, a powerful financier who was not invited — have stated publicly that they are looking for alternative candidates to back in the next elections.

But Mr. Yeltsin, whose career has been a string of remarkable comebacks, cannot be counted out, particularly now that he has no obvious political heir.

Most analysts see his performance over the last few months as evidence that he is keeping his options open, hoping that his new government will give him a record he can defend before the voters two years from now.

"He strongly believes that Mr. Kiriyenko and his young team will promote economic growth," said Sergei Markov, director of the Institute of Political Studies. "That is why he chose them — also because they are young. That way, his rivals don't know whether to accuse him of being too old, or the government of being too young."

As for himself, he wants to create an image of a president who is not a "sleeping lion."

As the father figure of a new government, Mr. Yeltsin had no choice but to commit the power and prestige of his

office to the all-out effort to dig Russia out of its financial crisis.

That in turn has required him to adopt their economic goals and terminology as his own — leaving aside the more ambiguous phraseology of his last prime minister, whose views and experience as a Soviet era manager had acted as a brake on Russia's radical reforms.

President Yeltsin's task has been helped by the performance of Mr. Kiriyenko himself, who in various interviews in the Russian press and television, has come across as a sober-minded, clear-spoken technocrat — in stark contrast with Mr. Chernomyrdin.

In published interviews Wednesday in the newspaper Kommersant, several of the top businessmen who met with Mr. Yeltsin complimented the president on his performance during the 90 minutes of talks — but some noted that he seemed to tire toward the end.

Alexander Smolensky, head of the SBS-Agro Bank, suggested that Mr. Yeltsin's main purpose in calling the businessmen together was to "share responsibility."

"Perhaps," he said, "it is the system of checks and balances that the president is so fond of — as in, 'Here sits the prime minister but I keep the right to consult with others on his behalf.'"

But the participants also acknowledged that it is mostly Mr. Kiriyenko who in the course of the conversation, who provided answers to the businessmen's questions. Someone would propose something, said Vitali Malkin

of the Russian Credit Bank, and "Kiriyenko said he agreed, didn't agree, we are going to do that, we have already done it, we are going to pass this or that law."

Yeltsin understands nothing about economics," said Mr. Markov.

"Now, he has the next wave of new reforms. He has to trust them, because he chose them. Mr. Yeltsin's job is to keep power, and to run the country. He is good at the first, and not so good at the second, so he chooses the people who will run the country on his behalf."

And while he has embraced the Kiriyenko government and its deficit-cutting program during these weeks of crises, there is nothing to stop Mr. Yeltsin from later distancing himself if the results are not successful.

Make your dreams come true.

"ALHAMBRA" Collection

Van Cleef & Arpels

PARIS 22, PLACE VENDÔME • GENEVE 31, RUE DU RHONE
CANNES MONTE-CARLO LONDON NEW YORK PALM BEACH PORTOFINO
MOSCOW NEW DELHI SEOUL SINGAPORE TOKYO VIENNA ZURICH

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Intervene in Kosovo

The Clinton administration has said time and again that it will not permit the Serbian leader Slobodan Milosevic to extend his brutal ethnic cleansing tactics to the independence-minded province of Kosovo. Now his troops are conducting precisely such atrocities in Kosovo, and the administration's response so far is more talk.

Kosovo is part of Serbia, which in turn is part of what is left of Yugoslavia. But only 10 percent of Kosovo's 2 million people are ethnic Serbs; 90 percent are ethnic Albanians. For a quarter of a century the province enjoyed considerable autonomy, but Mr. Milosevic revoked that in 1989 to fuel his nationalist rise to power. Ever since, and under the lash of Serbian repression, a Kosovo independence movement has gained strength. The movement has been largely nonviolent. But recently, as ethnic Albanians have become convinced that the West has abandoned them, an armed resistance has rapidly gained support.

U.S. policy on all this has been pretty clear—at least in words. The United States does not support Kosovo independence, but it does support legitimate aspirations for more autonomy. It favors peaceful dialogue and opposes armed conflict. President George Bush warned in 1992 that the

United States would use force if necessary to block ethnic cleansing in Kosovo. The Clinton administration embraced that warning in 1993. And as recently as three months ago, Secretary of State Madeleine Albright said the United States would not "stand by and watch the Serbian authorities do in Kosovo what they can no longer get away with doing in Bosnia."

But that is just what Serbian authorities are doing right now. In a wide swath of borderland along Albania, Serbian police and soldiers have been destroying villages, killing civilians and turning thousands of men, women and children into refugees. An Austrian defense attaché who spent two days touring the isolated region said, "All the signs are that the Serbs are going on with ethnic cleansing in the Kosovo area."

U.S. policy in the past three months has been a confusing mixture of sanctions threatened, imposed and withdrawn. Such sanctions are in any case mostly beside the point, only the credible threat of force, and the use of force if necessary, can deter Mr. Milosevic. The United States can intervene now, as it has said it would. Or, as in Bosnia, it can be forced to intervene later, after much damage has been done and any solution is far more difficult.

—THE WASHINGTON POST.

Courting North Korea

Since becoming South Korea's president earlier this year, Kim Dae Jung has brought a new tone to diplomacy with the Communist North. Instead of emphasizing historic grievances, Seoul now tries to draw Pyongyang toward cooperation. Just days before departing for a state visit to the United States, Mr. Kim is calling on Washington to reinforce his efforts by ending American trade sanctions against North Korea that date back to the Korean War. His plea deserves a serious hearing, especially from congressional Republicans inclined to treat any American overture toward Pyongyang as a mortal threat to the security of South Korea.

Mr. Kim is a better judge than anyone in Washington of South Korea's security needs, and by championing a less confrontational approach to his northern neighbor he effectively erases the argument that an adjustment in American policy would undermine Seoul's interests.

Mr. Kim understands well enough that North Korea remains a harsh dictatorship and a potential military threat. But he recognizes that the best way to promote positive and peaceful change in the North is not by clinging

to Cold War sanctions but by expanding economic and diplomatic links.

The Clinton administration partly agrees, which is why it negotiated the 1994 agreement to close down North Korea's bomb-fuel-producing nuclear reactors in exchange for international assistance in building alternative power sources in the North, including two safer nuclear plants.

But such efforts at engaging the North brought complaints and occasional obstruction from the previous South Korean government. The nuclear agreement has also encountered funding problems in the U.S. Congress, where Republicans have resisted paying for some of the fuel oil promised to North Korea while the new reactors are being built. North Korea, in turn, has said it might repudiate the whole nuclear deal if those oil supplies are interrupted. Congress should have the good sense to avoid a dangerous round of nuclear roulette in the Korean Peninsula.

Closely coordinated efforts between Washington and Seoul will be required to steer North Korea toward a safer path. Kim Dae Jung comes to America offering a more constructive and effective partnership.

—THE NEW YORK TIMES.

Needing Disaster

Watching a disaster movie is a little like imagining your own funeral. You would not be able to witness your own funeral, of course, but in your mind's eye you can. And what makes watching a disaster movie so compelling is the fact that the disaster movie, when the popcorn has all been eaten and the audience is feeling a little salty, the observer's eye persists.

You would not have made it to high ground if a comet splashed into the Atlantic and sent a half-mile-high tsunami cantilevering over New York, but in "Deep Impact" you do. In a real epic of global destruction, you would be one of the extras, incidentally squashed by Godzilla's tail as it gouged an office tower in passing. But in the movies—especially now that the megatonnage of disaster films seems to be increasing—you watch with an omniscient eye, an effect that does not diminish when you walk back into the city streets and the night is still sticky and scented, the way it was two hours earlier.

The threat in recent disaster movies seems to be nothing less than global extinction or the demise of the human species. The emotion in a horror movie is intimate, because the audience is asked to imagine the detailed slicing and dicing of its personal flesh. But the emotion in a disaster movie is somewhat more social and more diffuse. Its origin is not just giant lizards or unrepentant comets or, in the upcoming "Armageddon," an asteroid the size of Texas. Its origin is human nature.

That explains why makers of disaster movies love the scene in which the whole population, fleeing the city, causes a traffic jam the size of New Jersey. The audience is asked to imagine

in each stalled auto the flicker of personal fear. But what is really being shown is the breakdown of civilization, echoing, in a summer drive-in kind of way, the darker vision of Jean-Luc Godard in "Weekend."

The only subject that Hollywood has ever had is redemption. What ratchets up the scale of destruction in modern disaster movies is the sense that the redemption we Americans really need these days is national or global. The whole edifice is flawed, and so it takes in order to clear room for a new beginning. Night after summer night, we go to the movies and watch a hero rise up, among the unheroic little people, to save the planet, or Manhattan. Night after night, we are that hero, wandering through the cinematic wreckage toward the promised land.

—THE NEW YORK TIMES.

Other Comment
Spirit of the Berlin Airlift

Relations between Europe and America seem very far from being as close as they were half a century ago. But there have always been tensions in the trans-Atlantic partnership, even during the Cold War. Such disagreements are natural and inevitable in any relationship. The American acquiescence in acceptance of new members in the NATO alliance is an encouraging sign that in the trans-Atlantic relationship there is still something left of the spirit of the Berlin airlift.

—Neue Zürcher Zeitung (Zurich).

The Lone Superpower Is Falling Behind the Curve

By Jim Hoagland

WASHINGTON — India and Pakistan have redrawn the map of global power and ambition with their competitive nuclear tests. Their defiant blasts call into question the nature and durability of American leadership in world affairs, a few years after the United States appeared as an unprecedented world colossus.

The Clinton administration has abruptly stopped fretting about the risks of becoming an overbearing global superpower. Instead it scrambles after a strategy to accommodate a set of foreign policy crises that have spun out of Washington's control in a matter of weeks.

The nuclear tests in South Asia arrive as Bill Clinton's Middle East diplomacy is dead in the water, as Russia's fledgling free market economy threatens to go under, and as Asia wrestles with the wrenching social and political consequences of the collapse of its economic "miracle." The long U.S. confrontation with Iraq, on a back burner at the moment, has not gone away.

This state of affairs is not the stuff of successful legacy.

Indisputably, President Clinton is helping bring into being a multipolar world in which the overwhelming American power displayed during the

Gulf War is sharply diminished, as rival nations have hoped since 1991.

This is not wholly, as his Republican critics assert, the fault of Mr. Clinton's notorious ambivalence toward and neglect of a strategic approach to world affairs. It is also a consequence of the stalemated nature of power in the post-Cold War international system.

Today power—military, economic and political—can be amassed and displayed as in the past. But rarely can it be used with significant positive effect.

The checks and balances of the many interdependencies created by the global revolution in technology, finance, communications and transport frustrate the sustained unilateral use of power by a single actor. The problem is not just Bill Clinton's well-known dislike of inflicting punishment; it is also the double-edged nature of punishment in the era of globalization.

The harsh economic sanctions imposed on India and Pakistan demonstrated that Washington possesses a global reach and power that no other nation can contest. But the Indians and Pakistanis did their nuclear thing, leav-

ing Washington to sputter angrily about betrayal and folly and to watch as the punishments it has inflicted make the situation worse.

To be fair, Mr. Clinton never aspired to U.S. domination of the world. And his frequently inept or negligent diplomacy would have kept it at bay in any event. But his chief failure in foreign policy lies precisely in his failure to act on the consequences of his own distrust of U.S. global power and to work consistently for an effective multinational alternative.

He has now fallen so far behind the direction and pace of political change abroad that he risks never being able to catch up. The India-Pakistan challenge makes that indelibly clear.

A senior U.S. official puts it in kinder but revealing terms, in discussing a direct request to Mr. Clinton from Pakistan to appoint a U.S. mediator and get negotiations with India started over the disputed territory of Kashmir and the nuclear impasse that the two nations have created: "We are trying to figure out how to exercise leadership. It is not clear how deep we want to get into this. The president is in fact wary of deep U.S. involvement."

The intelligence and analytical fail-

ures of the administration prior to India's initial atomic test on May 11 are well known. Perhaps more disturbing is the floundering in search of a strategy since then. Feeling that both India and Pakistan defiance toward him, Mr. Clinton has instructed the State Department to emphasize publicly how little the United States can do in this situation.

Mr. Clinton has always pursued ad hoc diplomacy that downplays clear choices about big principles, relying instead on his congeniality with fellow leaders to shape events. With a few exceptions (Bosnia and Northern Ireland among them), he has subordinated leadership in extending a circle of orderly markets and elections as self-cures for the world's problems. The shortcomings of that approach are exposed by the nuclear tinderbox that the Asian subcontinent has suddenly become.

An American president cannot avoid making clear and strategic choices on safeguarding U.S. national interests. Time grows short for this presidency. Mr. Clinton will have to start making those choices, or accept leaving them for his successor and for America's rivals abroad to make.

The Washington Post.

One Set of Elemental Labor Standards for All the World

By Michel Hansenne

GENEVA — While heads of state, trade ministers and others gathered in Geneva two weeks ago for the second ministerial conference of the World Trade Organization, thousands of demonstrators, shadowed by police in riot gear, marched under banners denouncing unemployment and environmental degradation, banks and multinational corporations, globalization and the WTO itself.

The sound and the fury outside had little visible impact on the conference, held in celebration of 50 years of GATT-induced trade liberalization and to set the agenda for its future expansion. But few of the participants can have missed the point. The message from the streets reflects genuine and widespread anguish.

Globalization is hardly new. It is as old as travel and trade. But among the lessons of history, one which stands out is that no automatic link exists between economic growth and social progress. As President Nelson Mandela pointed out in his speech to the WTO, "Trade does not of itself and in itself bring a better world."

Another lesson is that exclusion and injustice breed instability and, ultimately, revolt. Technological innovation and globalized markets have been formidable engines of growth. The challenge, dramatically highlighted by the crisis still unfolding in Asia, is finding the way to harness these forces for the benefit of the greatest number and thus to make such growth sustainable.

There is no reason to believe that it cannot be done. In the four years since conclusion of the Uruguay Round, the debate on the social dimension of liberalization of trade—that is, on the relationship between expanding international commerce and the rights and interests of working men and women—has made significant strides.

Initial attempts, by several leading industrialized countries, to include a "social

clause" in the sanctions-based WTO system of dispute resolution foundered in the face of determined opposition by the great majority of developing countries. What the former presented as a moral imperative was rejected by the latter as an attempt to erect new protectionist barriers.

While reiterating their hostility to protectionist strategies two years later in Singapore, the member states of the WTO affirmed a commitment to respect the fundamental rights of workers, and explicitly underlined their support for the International Labor Organization's efforts to promote them worldwide.

Just what these fundamental rights are had meanwhile been defined by the international community as a whole at the "social summit" held in Copenhagen in March 1995. They are based on four essential principles:

- The right of workers to join freely in associations of their choice and to bargain collectively.
- The prohibition of slavery and all forms of forced labor.
- Equal pay for men and women for work of equal value, and the barring of all forms of discrimination in employment and the workplace.
- A commitment to eliminate child labor and to eradicate immediately its most abusive manifestations.

It is now time to turn these

very basic social standards into universal values. The striking convergence of so many speeches delivered at the WTO conference suggests that a consensus is within grasp.

Meeting this week and next in the same hall, labor ministers, together with leaders of trade union confederations and employers' organizations from around the world, will have before them a draft declaration of principles concerning these fundamental rights.

Its adoption by the International Labor Conference (the supreme deliberative body of the ILO) would mean that the ILO's 174 member states, including all members of the WTO, recognize their duty to observe these principles whether or not they have formally

adhered to the corresponding international labor conventions.

The declaration and its follow-up mechanism would represent a capital breakthrough—the first universal recognition that the globalized economy must rest on ground rules designed to promote social justice and human dignity, and that these rules must be backed up by an effective monitoring system.

The challenge for the international community today is to turn globalization from a source of fear and resentment into a catalyst for social and democratic development.

The writer is director-general of the International Labor Office, the ILO's secretariat. He contributed this comment to the Herald Tribune.

Clinton Seeks Leveling Up Instead of Down

By E. J. Dionne Jr.

WASHINGTON — Some of what happens in politics is hidden in plain sight. On May 18, President Bill Clinton announced a major shift in America's approach to global economics. His ideas would affect how workers and the environment gain protection, and whether trade issues are settled in the open or in secret. Almost nobody paid attention.

Mr. Clinton's announcement came in a speech before a conference of the World Trade Organization in Geneva. There was a time when the address would have been front-page news. It was, for one thing, a direct response to critics of the WTO who accuse it of bowing to the wishes of powerful international companies and making its decisions without any public accountability.

Mr. Clinton said that on the matter of secrecy, at least, the critics are right. "We must modernize the WTO by opening its doors to the scrutiny and participation of the public."

"Today," Mr. Clinton declared, "when one nation chal-

lenges the practices of another, the proceeding takes place behind closed doors. I propose that all hearings by the WTO be open to the public." He promised that the United States would open any proceeding that is part of, and challenge other countries to do the same.

For good measure, Mr. Clinton proposed that private citizens be able to present their views before the WTO—meaning that business and labor people, Ralph Nader and Pat Buchanan, environmentalists and anyone else could raise a ruckus when they thought vital issues were at stake.

Since international organizations now play such a big role in every nation's economy, how can the basic right to petition and air grievances be denied?

Calling on the WTO to work more closely with environmentalists and the International Labor Organization to lift standards, Mr. Clinton directly borrowed rhetoric from critics of his past trade policies: "We

must do more to ensure that spirited economic competition among nations never becomes a race to the bottom—in environmental protections, consumer protections or labor standards. We should be leveling up, not leveling down."

He acknowledged with unusual bluntness that without such protections "we cannot build the necessary public support for the expansion of trade." Working people would assume the risk of a free international market only "if they have confidence that the system will work for them."

That Mr. Clinton's speech got so little coverage may reflect the muffling of his voice by scandal news. But it demonstrates for certain the eclipse of trade as a major public issue after last year's defeat of authority for the president to negotiate trade deals on a "fast track."

In fact, Mr. Clinton's new proposals are a direct response to the defeat of fast-track. They grow out of continuing discussions between Treasury Secretary Robert Rubin and a group of House Democrats.

Some of Mr. Rubin's interlocutors—David Bonior of Michigan, for example—were sharply critical of Mr. Clinton's old approach to trade. But many of them, including Nancy Pelosi of California and Barney Frank of Massachusetts, are also interested in a "third way" that accepts global markets as a reality but seeks, as Mr. Frank put it, "globalization plus civility."

On trade, says Mr. Frank, the president and the Democrats "realize there's a fundamental intellectual tension—we're not

for trickle-down domestically, why should we be for trickle-down internationally?"

Thus the importance of Mr. Clinton's "leveling up" rhetoric. "We're not saying no to internationalism," Mr. Frank says. "We're saying you have to do it with offsets for inequality."

Another sign that foes of Mr. Clinton's past trade policies see him responding to their views came from AFL-CIO President John Sweeney. He praised the Geneva speech as "a dramatic turning point in the debate over the rules of globalization."

Commerce Secretary William Daley, a free trader who served as the administration point man on the North American Free Trade Agreement, said in an interview last week, referring to the WTO and the IMF: "If we're going to depend on international organizations, we'd better not only start defending them but also deal with the legitimate problems that have come up. We're trying to get this debate on a different level."

Forging a new consensus around global growth with equity would be a major achievement. But the resounding silence that greeted the president's speech suggests that there may be limits on Mr. Clinton's ability to lead the journey.

Washington Post Writers Group

So Much for the Peace Process

By Uri Dromi

JERUSALEM — Ever since Benjamin Netanyahu took office, there have been questions about whether he can move past his own family history to make peace with the Palestinians. He has now given the answer: There is no peace process, he recently told a gathering in Jerusalem of foreign ambassadors.

The peace, he said in his impeccable English, collapsed more than two years ago because of Palestinian terrorism.

The experienced diplomats managed to maintain their poker faces, but Israelis and Arabs reacted with anger. Although many doubted that Mr. Netanyahu was ever sincere in his vow to follow the Oslo path, the extraordinary scene of him calling his own bluff in public stunned even the less naive.

Mr. Netanyahu's spokesman rushed to control the damage. A few days later, the prime minister, meeting Newt Gingrich and his delegation in Jerusalem, tried to "clarify" what he meant. Too late.

To me this came as no surprise. Two years ago, when Mr. Netanyahu took power, I resigned from my job as director of the Israeli press office. Working with the late Prime Minister Yitzhak Rabin for three years, and watching his transformation from a tough warrior in a peace-maker, had opened my eyes.

Mr. Rabin was for years a

staunch opponent of the Palestinians. He refused to talk to the PLO, preferring to try the Syrian venue first.

Then he realized how tough and inflexible Syrian President Hafez Assad was, while in the meantime the Palestinian uprising known as the intifada was raging in the Israeli-held territories.

Worse, much more serious threats were surfacing: the wave of Islamic fundamentalism in the guise of the Hezbollah and Hamas, backed by Iran, a growing menace itself.

Facing such odds, Mr. Rabin, ever the realist, chose not between good and bad but, as with all choices in the Middle East, between bad and worse. Begrudgingly, he went to Washington and made peace with the Palestinians, because he understood that the alternative to shaking Yasser Arafat's hand might be dealing with Hamas.

For Mr. Rabin, reconciling with the Palestinians was not only a moral issue but a strategic necessity as well: Israel had to make peace with its immediate neighbors in order to prepare for the greater risks looming over the horizon.

Terror undermined Mr. Rabin's efforts, and he eventually paid with his life for his courageous effort. But never,

even in the darkest hours of huses torn apart in the midst of our cities, did he waver in his conviction that peace was the only viable option.

Then came Mr. Netanyahu. I had read his book, "A Place Among Nations," and I knew right away that peace was not found in his vocabulary. Forget about his strict father, about his reactionary ideology. Just read the text.

A simple content analysis will tell the story: It is about conflict. Israel against the Arabs—all the Arabs. It is about war, struggle, endurance, attrition and the like. Peace, coexistence and mutual respect are rare commodities in his book. *Am levadav vichkon*, as the Bible saying goes—a people that dwells alone.

When I resigned two years ago, hardly did I believe that it would take Mr. Netanyahu such a short time to fulfill his own prophecy. And now it is official, from his mouth.

In his perfect theatrical touch, he even managed to choose the most appropriate timing to announce the death process, precisely when the whole world is rejecting over the birth of peace in Ireland.

The writer was director of the Israeli government press office from 1992 to 1996. He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Silver Coinage

PARIS — [The Herald says in an Editorial:] Senator Wolcott has taken advantage of the war to get a silver coinage proposition voted by the United States. The measure consists in an amendment to the Revenue Bill providing for the coinage of silver. All the white metal is to be coined at the rate of four millions a month. The object of the measure is ostensibly to provide war funds, but coinage at the rate proposed would require two years.

1923: 'Dry' Edict

LONDON — America's determination to enforce the "dry" edict against foreign shipping may lead to an international challenge. Nothing short of an international conference can deal with the matter satisfactorily. In the opinion of some authorities on international law, such a conference becomes nec-

essary to definitely decide how far any Power is entitled to go in imposing its own domestic sumptuary laws upon the crews or passengers of foreign ships.

1948: China's Firsts

CHENG TU — The Chinese are fond of telling you that they did it or had it first, and they are usually right. One important China first is the sidewalk cafe, generally associated with Paris. There are hundreds of them in Chengtu, Szechwan Province's capital. All the standard reference books explain that China had gunpowder and printing first, but they don't usually mention the Sunkist orange. It is supposed to have come originally from Chungking, also in Szechwan Province. Then, too, there is Italian ravioli. Marco Polo picked up the idea during his stay in North China and took it back to Italy. Ravioli was developed from the Chinese "jaozoe."

Herald INTERNATIONAL Tribune

ESTABLISHED 1882

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER

Co-Chairmen of the Board

KATHARINE P. DARROW, Vice Chairman

PETER C. GOLDMARK JR., Chairman and Chief Executive Officer

RICHARD WOOLDRIDGE, President and Chief Operating Officer

MICHAEL GETTLER, Executive Editor

WALTER WELLS, Managing Editor; PAUL HORVITZ, Deputy Managing Editor

KATHERINE KNORR and CHARLES MITCHELMORE, Deputy Editors; SAMUEL ABT and CARL GEWIRTZ, Associate Editors; ROBERT J. DONAHUE, Editor of the Editorial Pages

JONATHAN GAGE, Business and Finance Editor

RENÉ BONDY, Senior Vice President and Chief Financial Officer

DIDIER ARUN, Circulation and Development Director

Directeur de la Publication: Richard McClean

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel.: (1) 41.43.93.00. Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.92.38.
Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com

Editor for Asia: Michael Richardson, 5 Cantonment Rd., Singapore 119000 Tel: (65) 472-7768. Fax: (65) 224-2334
Mng. Dir. Asia, Terr. Manager, 50 Gloucester Rd., Hong Kong Tel. 852-2022-1188, Fax: 852-2022-1190
Gen. Mgr. Germany, T. Schlier, Friedrichstr. 15, 10117 Frankfurt/M. Tel. +49 69 9712940, Fax: +49 69 9712940-30
Pres. U.S.: Ann Blankenship, 130 Third Ave., New York, N.Y. 10022 Tel. (212) 735-3890, Fax: (212) 735-4735
U.K. Advertising Office: Long Acre, London W.C2, Tel. (171) 336-4803, Fax: (171) 336-2354
S.A.S. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
©1998, International Herald Tribune. All rights reserved. ISSN: 0204-9052.

سكنا من الاربعين

OPINION/LETTERS

Use Incentives, Not Sanctions,
To Head Off an Arms Race

PARIS — In order to avoid a slide into nuclear anarchy after India and Pakistan's nuclear tests, major policy initiatives are called for. These must involve the five "official" nuclear powers as well as the vast majority of states that have, until now, renounced the possession of nuclear weapons.

Such measures are required both at the global and the regional levels. They should emphasize incentives rather than sanctions: Rewarding the virtuous many will be more effective than sanctioning the wayward few.

Global initiatives should build on two realities that the India-Pakistan tests have underscored.

First, it is necessary to recognize that it is unhealthy for the permanent members of the United Nations Security Council to also be the five declared nuclear powers.

This was not always the case. Indeed, one of the "permanent five" — including the United States — were nuclear powers when the Security Council was created in June 1945, and it is therefore wrong to establish a causal

By François Heisbourg

link between the possession of nuclear weapons and membership.

The political fact, though, is that the two categories have become identical. Precisely because of India and Pakistan's nuclear gate-crashing.

It is unhealthy for the permanent members of the UN Security Council to also be the five declared nuclear powers.

this would be a good time to proceed with the long-delayed broadening of the permanent membership of the Security Council.

Such an extension should not benefit that handful of states — including India and Pakistan — that have refused to sign the Nuclear Nonpro-

liferation Treaty and subsequent agreements.

Conversely, major non-nuclear regional powers that exercise international responsibilities, such as Germany, Japan, Brazil, South Africa or Egypt, should be counted in.

Second, the declared nuclear powers should set an example by engaging in vigorous arms control measures: deeper cuts in the still over-abundant American and Russian nuclear arsenals along with an international attempt to stop the production of all nuclear material destined for military use.

India appears to have expressed an interest in such a "cutoff convention," which would have the political virtue of not discriminating among the five official nuclear powers (Britain, China, France, Russia and the United States) and those three states that have military nuclear programs (India, Pakistan and Israel).

At the regional level, it is a matter of absolute urgency that the Indian and Pakistani tests not lead to similar moves in East Asia and the Middle East.

If, for instance, North Ko-



By KAL in The Sun (Baltimore), C&W Syndicate.

rea were to proceed with nuclear testing, both South Korea and Japan could engage in destabilizing countermeasures that would in turn be seen as threatening by China and the United States. Beijing and Washington, whatever their disagreements they may have on other issues, have a common interest in preventing such a chain reaction.

President Bill Clinton's visit to China at the end of the month offers an opportunity to achieve a new consensus

on the need to limit nuclear proliferation. This would imply a quid pro quo: China would have to renounce in a verifiable fashion its technology transfers to Pakistan; and the United States should contemplate the easing, if not the lifting, of economic sanctions imposed after the Tiananmen massacre.

It remains to be seen whether the American president will sort out his priorities. Nuclear nonproliferation, human rights, respect of international property rights, reduction of the U.S. trade deficit with China, self-determination for Tibet — all are important, but it would be irresponsible to pretend that they can all be pursued without any trade-offs.

Most disturbing, it is unclear whether the American president can strike a grand strategic compromise with China while reports accumulate about Chinese involvement in Democratic Party campaign funding and alleged favors to aerospace companies operating in China.

As for the Middle East, Iran will have been watching the Pakistani nuclear tests particularly closely. There has already been a fair amount of cooperation in the field of missile technology among Iran, North Korea and Pakistan. This could extend to nuclear affairs. Such an evolution will be all the more probable if no efforts are made to curb Is-

rael's own nuclear ambitions.

The United States imposes sanctions on Pakistan and India, but nothing similar applies to Israel. It must be added that the Israeli government displays little gratitude to the United States for applying this double standard.

After the Pakistani tests, an Israeli Foreign Ministry spokesman was quoted as stating that the East Asian arms race "has been caused by the weakness of the five nuclear powers' political will because they have failed to agree to the international community's wish for complete nuclear disarmament."

Last but not least, the U.S. administration needs to convince Congress not to tie the president's arms with automatic sanctions.

India and Pakistan have not been deterred from testing by such sanctions, and the newly imposed sanctions will definitely not lead Islamabad and New Delhi to abandon their nuclear prize. The sanctions will simply impede the opening of these countries to economic liberalization and privatization.

The writer is director-designate of the Graduate Institute of International Studies in Geneva and was the director of the International Institute for Strategic Studies in London from 1987 to 1992. He contributed this comment to the International Herald Tribune.

The Call of Night,
The Pull of Inside

By Verlyn Klinkenborg

NEW YORK — For the last few evenings it has been almost impossible to come inside before dark. The shadows deepen and converge, the breeze shuffles the leaves in the sugar maples and an unappreciable sweetness slips down from the woods — all of it with such careful modulation, the entrance of one player after another, that to call it artful sounds like disparage.

I sit and watch from civil twilight until astronomical twilight. Or, to put it another way, I watch from the time the bats first fly, cutting across the bay of light between

MEANWHILE

the trees that outline the pasture, until the bats can be seen only when they eclipse the stars.

But no matter how perfect the night, there is always that voice in my head saying "Come inside." I'm not the only one who hears it. I drive along the farm roads of New York state and I can see that everyone else is listening for it, too.

The dairy cows, freed from their stanchions, drift into the under-deep pastures where they will spend the night, but the farmers have measured the day out in chores, which are nearly always finished under the glare of a yard light, whose growing intensity is itself a reminder to go inside.

A softball game at a rural school is only a way of postponing the dispersal that will come before long, when the last car door thumps shut in the night and the last driver follows his headlights to the highway.

In small rural towns, the voice saying "Come inside" is painfully insistent. It is written into the architecture, the landscaping, the principled neatness of the walks leading to each and every house.

The azaleas bloom with undimmed ferocity, even in twilight, and the porches are carpeted in plastic turf and set with plastic lawn chairs. In fading light, unoccupied, they seem to point to the darkness behind the screen door, an opacity broken only by the visual stuttering of a television in another room.

Where the houses end there is nearly always a cemetery. The streetlamps over illuminate that precinct of town, and there the good medieval word "curfew" comes to mind, marking the time at night when hearth fires were covered and darkness became absolute.

But no nights as cool and quiet as these have been, why come inside at all? The temptation is to lie out all night listening to the horses, who stand together, head to tail, in their favorite corner of the pasture.

"Rigor now is gone to bed," says the spirit Comes in John Milton's masque, "And Advice with scrupulous head, Strict Age, and sour Severity, With their grave saws in slumber lie."

Who would choose to join such company? But if you are a mortal reader of Milton, and if you stay outside late enough, you realize that "Comus" is a poem about the real pleasure of coming inside, about fleeing the entanglement of the night, whose otherness feels especially strong the very instant you turn for home.

The New York Times.

America the Delusional: Who's Listening?

By Richard Reeves

LONDON — America, which has conducted more than 1,000 nuclear tests, is "shocked" by the Indian and Pakistani underground explosions.

We Americans proclaim the most cynical and hypocritical nonsense about our stewardship, God-given we think, of the right to destroy any other nation that does not meet our own unquestioned standards of morality and good manners.

We also project truly charming self-delusion about our role and image in what we like to see now as the global tribe yearning for the benefits of American-bestowed consumer democracy.

Unfortunately, there is some truth to this. Most nations, at least the big ones, do want at least one of the things that the United States has: the official symbol and reality of modern national adulthood, nuclear weapons.

Can there really be anyone in the United States — including the entire State Department and our own Central Intelligence Agency (more central to our delusions than intelligent about other realities) — who was surprised by the recent big bangs? Well, perhaps our ambassador to India, a former governor of Ohio, was a bit taken aback. Or maybe he actually did know something.

What better place to be than vacationing in Hawaii when India blew off a big one just 70 miles (105 kilometers) from the border of its ever-adversary, Pakistan?

By the way, isn't that 20 miles closer than the Russians got with medium-range missiles in Cuba when we were

ready to go to world war over the possibility that those wobbly rockets could accommodate nuclear warheads?

The East Asian tests have been coming for a long, long time — and we have been foolishly or deliberately looking the wrong way for decades. Fifteen years ago, we — the Reeves family — were living in the district called E-7, the best neighborhood in Islamabad, the capital of Pakistan. (My wife was doing work involving refugee camps in the northwest of the country, across the border from the Afghan-Soviet war.)

Like everyone else around there, including American diplomats, we knew why military cars arrived each morning to take the fellow around the corner, Abdul Kaheer Khan, to his office — or laboratory. Mr. Khan was in charge of building an atomic bomb out in the Pakistani desert, at a place called Kahuta. This was the so-called "Islamic bomb," ready for use against India, which had conducted its first test in 1974. Whatever we thought, Pakistanis believed nuclear weapons were essential to checkmate the chance of being overwhelmed by India, their huge neighbor.

A student leader took two of our children for a tour of the city one day, showing the sights. "There is the stadium the Chinese gave us," said the young Pakistani. "You gave us a museum. What are we going to do with

stadiums and museums? We want the bomb!"

So now it is time for American preaching about hellfire to come. But only Americans will listen closely to such bluster from the hilly's pulpit. The rest of the world has heard it all before. They are laughing at it again in India and Pakistan as they celebrate their own advances.

From the very beginning, back in 1945, U.S. nuclear policy has had a single goal: nonproliferation.

Nonproliferation — think about it! — meant monopoly. It meant then that only America would have the bomb. It means now that the nuclear club, headed by the United States, wants the bomb only for those who already have one. We and the other acknowledged nuclear powers advocate nonproliferation but always vote, in the United Nations, against "elimination" of the weapons.

Our policy is not stupid — hypocritical and delusional, yes, but not stupid. What was stupid was to actually believe that countries like India, Pakistan and China, and Iran and Israel, too, would act on American words and illusions rather than on their own national interests and fears.

This American blunder of intelligence, and intellect, is not another inside the Beltway, Ken and Monica joke. This is an affair of state — a failure of state. Officials should not be subpoenaed or mocked; they should resign or be fired.

Universal Press Syndicate.

LETTERS TO THE EDITOR

Credit China

Regarding "China Grapples With Aging of Its Population" (May 21):

We used to see articles on the very real dangers posed by the world's increasing overpopulation. Most countries are at least considering ways to cope with overpopulation's deleterious effects on our planet.

Now we have a report on the effects of China's population reduction program. Any nation that undergoes a transition period with a disproportionate percentage of older people. The larger the percentage of young people, the bigger the effort needed to control population growth and the more painful the transition period. However, once

a population is balanced at a comfortable level, the proportions of young and old will come back into balance.

China has elected to confront the relatively minor problems created by an aging population today instead of those posed by an over-stressed environment tomorrow. They — and all of us — must choose between a belt-tightening problem today and a civilization-threatening, collapsing environment tomorrow.

Man has a tendency to wait for a crisis to do something. Can't we go one step further by anticipating a problem and taking steps to avoid a crisis? China has done so and deserves credit from the rest of us.

GERALD C. HARDY,
Manchester, Connecticut

Tojo Film

Regarding "Film Shines a Japanese Light on World War II" (Features, May 27):

The article about the enthusiasm with which Japanese audiences are greeting "Pride, the Fateful Moment" is the most recent manifestation that Japan remains woefully out of step with the rest of the world.

The bestiality of the Japanese high command and the soldiers of the Imperial Japanese Army, both before and during World War II, can certainly no longer be a secret from the people of Japan. So it is inconceivable that they still cannot bring themselves to offer a sincere apology for their perpetration of such horrors as the Rape of Nanking, the enslavement of the Korean

"comfort women" and the appalling Bataan death march.

To learn that a Japanese movie is attempting to whitewash the heinous war crimes of Tojo will surely further enrage all those countries that suffered so much at the hands of the Japanese invaders. One wonders what it is in their culture that blinds the Japanese to the truth, and what makes them fear an apology so much.

M. MAXTONE-GRAHAM,
Port-Grimaud, France.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

E-Funds

International Funds via E-mail.
A new service for IHT readers.

What is E-Funds?

E-Funds is a service that allows you to receive updates on international fund groups that interest you. These updates are delivered electronically to your e-mail box daily.

How do I subscribe?

To add a fund group, send an e-mail message to "e-funds@iht.com" — in the body of the message, type SUBSCRIBE followed by the fund code. For example, to subscribe to the Global Management Fund, you would type SUBSCRIBE 76 (The fund codes appear next to the funds listed on the International Funds page of the IHT). Within 5 minutes, your e-mail box will be notified and you will begin to receive daily updates on the fund.

How many funds may I subscribe to?

You may subscribe to as many funds as you like, but you must send an individual SUBSCRIBE message for each fund. Receive a full list of fund codes on the IHT International Funds page, or by sending an e-mail message to "e-funds@iht.com" with the command INDEX.

What must I pay?

There is no cost for subscribing to E-Funds. This is a reader service feature for IHT readers.

Follow your funds
via the



TITANIC

The New York Times Original News Coverage

A 32-Page Keepsake

Eighty-six years ago, the unthinkable happened. The world's newest and largest luxury cruise liner, the "unsinkable" Titanic, struck an iceberg and sank on its maiden voyage, killing 1,517 on board.

For the first time ever, The New York Times has published highlights of its initial week of coverage, which many consider one of the greatest accomplishments in journalism. Within hours of the event, The Times was able to piece together the tragedy and report that the liner had sunk — providing details to our readers well before other newspapers.

Titanic: The New York Times Original News Coverage is a 32-page keepsake printed on newspaper stock and specially priced at just \$19.12. It includes a firsthand account of the sinking from Harold Bride, surviving wireless operator of the Titanic, as well as the definitive rescue report from Harold Thomas Coker, wireless operator on the Carpathia — both stories exclusive to The Times. You'll also relive the saga through the moving accounts of survivors.

To order by mail: Enclose a check or money order in the amount of \$29.07 (\$19.12 plus \$9.95 shipping & handling) payable to The New York Times. Mail to: The New York Times Titanic Offer, P.O. Box 176, Orangeburg, NY, 10962, U.S.A. Allow six weeks for delivery.

To order by phone: Call 201-767-0562. Visa, American Express and Mastercard accepted.

The New York Times

Expect the World® www.nytimes.com

TribTech



Naomi Okada, left, and Takeya Takafuji showing off the Loveguy beeper.

In Japan, Would-Be Lovers Have a Yen for Love Bleepers

Company Has Sold 400,000 Matchmaking Gadgets

By Chisaki Watanabe
The Associated Press

TOKYO — Lonely hearts are prowling the streets of Japan, armed not with romantic haiku poems or sultry looks but with the ultimate matchmaking tool of the electronic age: the love beeper.

Called the Loveguy — a rather straightforward mix of "love" and "get" — it is an oval disc that fits in your hand. It is carried into crowded places and sends out various signals, depending on the setting.

When someone of the opposite sex carrying a Loveguy comes into range, the two machines beep or flash. Then the would-be lovers can seek one another out — or run the other way.

The device, which came out in February and has been bought by 400,000 people, has three settings for favorite activities: "karaoke" for romantic crooners, "chat" for

those who want to talk and "friends" for something, well, more intimate.

"It's just one way to meet people," said Takeya Takafuji, executive planning director for the manufacturer, Ertol.

Ertol, a small company that makes modems, reports a backlog of more than 200,000 orders, and as a result, the company increased production this month.

The beeper, which retails for the equivalent of \$22, can pick up signals from five meters (15 feet) away. A flashing green light means a match in interests, while red means there's a Loveguy next to you, but you've got the wrong setting. If you're timid, you can keep the beeper off so only the lights will flash.

Encouraged by brisk sales, the company plans to introduce an upgraded version in August with more choices, such as "movie," "drink" and "dinner." The new version will also pick up signals from a far greater distance — 100 meters.

Dog-Eat-Dog World for Digital Tagmakers

U.S. Military Unleashes Competition for Chip Card Carrying a GI's Medical History

By Sarah Schaffer
Washington Post Service

WASHINGTON — Hal Woodward, an inventor, had a trick that brought several U.S. Army officers to attention when he met with them in 1995 to show off his latest creation, a "digital dog tag."

Mr. Woodward had designed a prototype in response to an army request for a small but rugged device containing a computer chip that would hold a soldier's medical information for quick access in the field. A skeptical general asked Mr. Woodward why his product should be the standard.

Instead of answering, people at the meeting recounted, Mr. Woodward took up his freshly poured cup of coffee and plopped the plastic gizmo right in. He added milk and sugar, then talked to the general for about 15 minutes as the small audience stared in disbelief.

Mr. Woodward then fished the device out of the coffee with a spoon, inserted it into an electronic reader and watched along with the others as a computer screen filled with text.

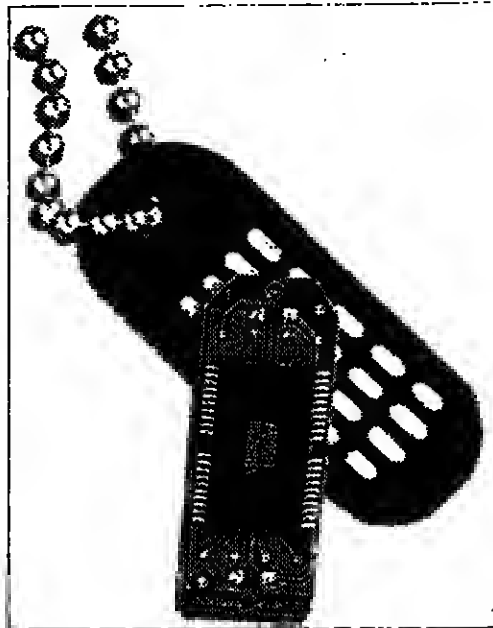
There could be a contract to put such tags around the necks of millions of soldiers, and Mr. Woodward's four-person company, Data-Disk Technology Inc. of Sterling, Virginia, is determined to grab it.

Dog tags have been standard issue in the army since 1906, according to the U.S. Army Center of Military History. Traditionally, they display just a soldier's name, Social Security number, religion and blood type. But through microchip technology, soldiers could carry around their entire medical histories — X-rays, electrocardiograms, a list of past allergic reactions and much more.

Mr. Woodward's version, called Medi-Tag, is shaped almost exactly like a regular dog tag. Mr. Woodward baked the plastic prototype in a friend's oven; the current model is made of a material called Zytel, a hard nylon made by Du Pont Co.

The firm's work to create Medi-Tag was financed in part by the U.S. Army Medical Research and Materiel Command. Major Paul Zinnik of the command said he originally secured nearly \$3 million to back Data-Disk's research, but that the company used only about half that and finished nearly a year and a half earlier than planned.

According to Major Zinnik, the invention so impressed Department of Defense higher-ups that they gave the go-ahead to launch a full-fledged program, known as the Personal Information Carrier project, with the goal of setting on a standard.



The Medi-Tag, by Data-Disk Technology.

But here is the catch: Though Mr. Woodward's invention helped fuel the department's desire for a digital dog tag, this does not guarantee Data-Disk will be the supplier.

"I'm looking to identify technology that would be worn by every soldier, sailor and airman in the military," Major Zinnik said. "The fact we worked with Data-Disk early on in no way means they're a front-runner."

In addition to the military funding, Mr. Woodward, Tom Clark, a friend, and a few other people together invested roughly \$500,000 to start the company. Data-Disk has also taken in money from several licensing agreements with Xybernaut Corp., a company based in Fairfax, Virginia, that makes "wearable" computer devices.

An organization called the Telemedicine and Advanced Technology Research Center is looking at five companies that offer some form of personal information-carrier technology.

The center has issued a list of specifications, such as durability requirements, storage capacity and operating system compatibility. The compa-

nies have submitted products that will be tested next month at the army's Electronic Proving Ground at Fort Huachuca, Arizona.

Sometime this fall, the agency will put out a more formal request for proposals, which will probably attract even more companies to the personal information-carrier front.

Mr. Clark says he is confident his company will triumph. For one thing, he said, "None of the other companies can meet the durability requirements."

His competitors are not so sure. "I would not be bragging too much to say our products are infinitely more rugged than Data-Disk's," said Bill Wehrmacher, director of technical services for Datakey Inc., of Burnsville, Minnesota, another contender.

Datakey makes the Memory Key, an electronic information storage device, and the Soldier Data Key, which also contains a microcontroller that organizes the data in a directory similar to that of, say, the Windows operating system.

Another Data-Disk competitor is Tecsec Inc. is a Vienna, Virginia, company with 30 employees that specializes in encryption technology.

Privacy is one concern the Pentagon has with issuing personal information carriers containing medical details. Tecsec is offering a dog tag made from a "smart card," a commercial technology that stores data in a credit-card-size device. Its version has built-in encryption that would grant varying levels of access.

"I'm quite confident that regardless of who makes the tag, I'll provide the security," said Tecsec's president, Jay Wack.

Mr. Wack and others in the industry predict that the military most likely will lean toward what is known in the procurement business as a "COTS" solution, something using commercial off-the-shelf technology. "Smart cards are going to be the preferred" product, Mr. Wack said, because the equipment already exists for reading them.

The other companies participating in the dog-tag program are SanDisk Corp., of Sunnyvale, California, and Ichor Corp., of Monroeville, Pennsylvania.

The Defense Department contract they are competing for could be sizable, so big it would be "almost ludicrous," Mr. Clark said. But for his partner at Data-Disk the money would represent something more: To date, says Mr. Woodward, he has never seen any significant payoff for his investments.

Small Phones Getting Big

Added Features Increase Their Size and Heft

By Thomas Crampton
International Herald Tribune

SINGAPORE — After years of shrinkage, mobile phones have started growing again.

"We're getting to the point where some phones are so small people just don't feel comfortable using them," said Christine Jorgensen, senior product manager at Qualcomm Inc., a communications technology company.

"Now that we can make them that small and more people are using them, there's going to be an increased segmentation of the market," she said. "We're now looking at phones for children with brighter colors and fewer buttons, as well as phones with more features for technology-driven users."

Miniature phones remain a major feature among the new products on display at this week's CommunicAsia telecommunications conference — including NTT's prototype wristwatch phone — but many of the latest models aimed at high-tech users have grown in size relative to earlier models.

The larger size is not a concession to comfort, but a means to cram a new range of technology into mobile phones and take them beyond voice communication, the companies say. The pease-sized buttons and squint-inducing screens remain, but the heftier models incorporate digital diaries and allow communications via the Internet.

According to Nokia, which sells a brick-sized phone featuring Internet software, the World Wide Web will play an integral part in the future of cellular phones.

"As the Internet becomes more part of people's leisure-time activity, it will be more important to make it portable," said Janne Jormalainen, a general manager of wireless data and technology at Nokia. "It is not going to be a revolution overnight, but it will be a slow evolution."

Others, however, are taking a different tack with the Internet.

Alcatel's latest high-end cellular phone, the One Touch Com, includes access to e-mail, but no Web browser or ability to send faxes.

"The few times people really want to browse the Web on their mobile phone do not justify the extra size and weight added when you include a keyboard," said Pascal Vimar, regional manager of sales, consumer channels at Alcatel. "E-mail is really the main important Internet feature for most people."

Like several of the latest high-end phones, the One Touch Com also includes the features of a personal digital assistant: an electronic phone book, an agenda and a notepad that can all be backed up on a personal computer.

The makers of the highly popular Palm Pilot personal digital assistant, 3Com Corp., are jointly developing a phone with Qualcomm that will go on sale next year, Ms. Jorgensen said.

For users of Japan's cellular network, NTT's DoCoMo division is introducing a full range of phones that can send and receive electronic messages.

The Dialo, which is to go on sale next month, is about the size of a paperback book and has a touch-sensitive screen that can accept Japanese, Chinese or Roman characters. The phone has the features of a personal digital assistant, an Internet browser and e-mail and fax transmission. Although it can be held like a conventional phone, the Dialo is designed for use with an earpiece and microphone.

At the bottom end of DoCoMo's line is the hardcover book-sized Pocket Board message sender that resembles a child's toy typewriter with a large plastic keyboard and small screen. On sale since February for less than \$100, the Pocket Board plugs into an NTT mobile phone and can send and receive short messages. "It is popular for students and good for young businessmen to give their girlfriends," an NTT spokeswoman said.

ALT / Commentary



The Hale Telescope, left, on Mount Palomar. George Ellery Hale, center, who proposed it. At right, the lens upon its arrival in Pasadena in 1936.

The Hale: Cutting-Edge Astronomy's Venerable Tool

By Richard Preston
New York Times Service

NEW YORK — Fifty years ago Wednesday, about 800 astronomers and VIPs gathered under the new Hale Telescope on the summit of Mount Palomar, near San Diego, California, to celebrate the telescope's "first light," as astronomers call the moment when a new telescope is opened to the night sky for the first time.

The Hale Telescope, named for George Ellery Hale, who proposed it in 1928, was the largest and greatest working telescope on earth. For more than a generation after that, the world's leading astronomers have used the Hale to make fundamental discoveries that changed our views of the universe.

Allan Sandage spent 20 years using the Hale to explore the size and age of the universe, a project that seems to have a grandeur beyond almost any other quest in science.

In 1963, Maarten Schmidt was using the Hale to examine quasars when he discovered that quasars are not the nearby stars astronomers had assumed them to be, but powerful, brilliant objects in the distant reaches of the universe, a discovery that revealed that the universe contains objects of almost incredible energy.

• **BIG DAY FOR KIWI:** As the first country to see the dawn on Jan. 1, 2000, New Zealand is set to be a global early-warning station for the so-called millennium bug.

Just west of the international dateline in the South Pacific, New Zealand's far-flung Chatham Islands will be the first to see the sun rise on the new century. Government officials see New Zealand as a radar post for detecting millennium problems, giving other countries a few hours' warning of what might be in store. "You might not be able to recode all your programs in 12 hours, but you might be able to put in a contingency plan," said Reg Hammond, information technology manager at the Commerce Ministry.

But some believe any lessons learned

Scientific instruments normally last a few years before they become obsolete, but the Hale is a striking exception to that rule. Astronomers have installed advanced electronic sensors on the Hale that have kept it competitive with larger ground-based telescopes. In 1995, Shrinivas Kulkarni used the Hale Telescope to discover the first known brown dwarf star — a faint star that resembles a glowing version of the planet Jupiter. Last fall, Philip Nicholson of Cornell University used it to discover two new moons orbiting the planet Uranus.

The Hale was probably the most famous scientific instrument in history even before starlight had graced its mirror.

Mr. Hale, a solar physicist, had a vivid imagination and a talent for fundraising. His imagination seemed to overtake him at times, and he suffered from frequent nervous breakdowns. He apparently sometimes thought that an elf was sitting on his shoulder, talking to him.

His telescope project took on immense importance when the astronomer Edwin Hubble, of the Mount Wilson Observatory, discovered that the universe was expanding. The great ambition of the 200-inch (508-centimeter) project was to explore the meaning of that discovery and determine the overall

structure of the universe. Financed by a \$6 million grant from the Rockefeller Foundation, the telescope took 20 years to build, until the project became the scientific equivalent of a cathedral. Mr. Hale died before it was finished and never saw its full majesty.

THE HALE, managed by the California Institute of Technology, is seven stories tall and consists of at least 250,000 parts, though not even Hal Petrie, chief engineer of Palomar Observatory, is sure of the number. It is so beautifully balanced that only a single grapefruit-sized electric motor is needed to drive the entire 530-ton behemoth as it follows the stars across the sky.

The main mirror is a waffle-textured disk of Pyrex glass 200 inches (nearly 17 feet, or 5 meters) across, and it weighs 14 tons, making it the heaviest piece of glass in the world. It was cast in 1934 at Corning Glass Works, in Corning, New York. The glass spent a year cooling and then it was carried across the country to the Caltech optical shop in Pasadena. Crowds gathered along the tracks to watch the "Telescope Train" pass.

Polishing the glass took 13 years. During that time, Caltech opticians ground away 7 tons of powdered glass. They gave the mirror its final shape by hand, rubbing it with polishing disks the size of

coins, using the finest jeweler's rouge and powdered walnut shells. In the end, they stroked the glass with their bare thumbs.

Will the Hale Telescope be working 50 years from now? Maybe. Mr. Kulkarni said that the best place for a telescope is in outer space, where the view is clearest. "Assuming there are no major wars, and rocket flights are routine, then I can imagine all astronomy being done in space," he said.

But, he added, "I can also imagine an alternative world, where we'll have our usual problems, and space will remain an expensive endeavor. Then the Hale will still be part of astronomy."

In that case, Mr. Petrie has collected a large shelf of engineering textbooks dating from the 1930s for future Palomar engineers to use as reference manuals.

Richard Preston is author of "First Light," about astronomers and the Hale Telescope.

SITES

Information about the Palomar Observatory and the Hale Telescope is at:
• astro.caltech.edu/observatories/palomar/public/index.html
• www.mtwilson.edu/Tour/Museum/Exhibit_Alm_200inch.html

BRIEFLY

North American GSM wireless companies, said the new phone could be used in more than 110 countries.

• **ENTERPRISING IDEA:** Britain's chancellor of the Exchequer, Gordon Brown, has announced the birth of three venture capital funds to provide £240 million (\$393 million) to support British small and medium-sized high-tech enterprises.

Mr. Brown said, "Too few of our ideas come to market, too few of our entrepreneurs realize their potential." European Union finance ministers are to discuss further measures in Luxembourg on Friday, he said. "We are looking to do more to allow access to equity finance across the EU." (Reuters)

• **JUST RIGHT FOR SONY:** Sony Corp. will buy a 6.7 percent stake in Justsystem Corp., the developer of one of the top-selling Japanese-language word-processing programs, the companies announced in Tokyo.

Under the arrangement, Tokyo-based Sony, the world's second-largest maker of consumer electronics, will spend 1.27 billion yen (\$9.1 million) to buy 2 million new shares in Justsystem, developer of the "Ichitaro" word processing program. Sony and Justsystem will develop software for Sony's home digital audiovisual appliances. (Bloomberg)

TECHNOLOGY INDEX

A glance at technology stock indexes around the world

North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	326.17	+2.41	+12.26
Standard & Poor's Technology Composite	821.51	+1.55	+17.37
Europe			
Morgan Stanley Eurotec	560.03	+5.15	+45.38
Asia			
Topix Electric	1782.16	+2.20	+8.39

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- MCI to Sell Internet Business to C&W, May 29
- Disney's Head of Cable Group to Form Firm, May 29
- GE and Pratt Team Up for Airbus, May 29
- Japan Chipmakers Suffer From Low Prices, May 29
- Hubble Image: A Possible Extrasolar Planet, May 30-31
- Mr. Gets New Computer After Failure, June 1
- QNA Tasting Helps Police in Germany, June 1
- Address Your Search With Care: Sites Benefit From Surfers' Types, June 1
- Net Providers in Germany Decay Rating, June 1
- Intel Stock Falls Over Delay in New Chip, June 2
- Sprint Offers Phone, Fax and Mail on 1 Line, June 3

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@ihl.com.

International Herald Tribune

552 من الامم

Investors Cast a Vote of Confidence in Russia's Battered Economy

MOSCOW — Betting that Russia will salvage its economy with foreign help, investors snapped up more than \$2 billion of short-term government debt Wednesday.

The Ministry of Finance raised 5.83 billion rubles (\$945.7 million) in three Treasury bill auctions at yields below 60 percent, after yields topped 74 percent this week. The government also sold \$1.25 billion of five-year Eurobonds.

The debt sales provide Russia with immediate cash to repay \$1.2 billion in Treasury debt maturing Wednesday, easing a cash shortage that threatened to lead to a devaluation of the ruble. The government still must make another \$3.9 billion in debt payments this month and a total of \$33 billion this year.

Investors are betting that the Group of Seven industrialized nations, or other foreign lenders, will give Russia an emergency financing package of as much as \$10 billion to help it through a cash shortage that last week forced the central bank to raise benchmark interest rates to 150 percent to protect the ruble.

While the International Monetary Fund has said Russia does not need emergency funding if it successfully implements planned reforms, the United States and others have said they would back a bailout.

Top officials from the G-7 countries will meet in Paris next week to discuss how a new international rescue for Russia could be structured.

"There is a growing confidence that a ruble devaluation is quite unlikely, and

there is talk about a \$10 billion loan package that Russia is going to request" from international lenders, said Sonja Gibbs, an economist at Nomura International in London.

Prospects for a bailout of some kind sent the stock market soaring. The benchmark Russia Trading System stock index rose 8.5 percent, to 209.07 points.

Finance Minister Mikhail Zadornov said the government did not intend to formally ask G-7 countries for help but was considering various extra financing sources, including the International Monetary Fund, syndicated credits from foreign banks and further Eurobond issues.

Prime Minister Sergei Kiriyenko said Wednesday during a trip to Paris that he

had no plans to discuss borrowing funds from the G-7.

Speaking after meeting with President Jacques Chirac of France as part of a long-scheduled visit, Mr. Kiriyenko said the support Russia principally needed from the G-7 was free access to their markets.

Russia's foreign exchange reserves have fallen to \$14.6 billion as it struggled with high interest rates to defend the ruble. In its previous three weekly debt auctions, the government failed to sell enough bills to roll over maturing debt.

The dollar was at 6.1660 rubles Wednesday, up from 6.1650 rubles Tuesday.

While demand at the bond sale Wednesday reflected stronger investor confidence, Russia has locked itself into high borrowing costs on ruble-denominated debt. The government assumed borrowing rates of 25 percent annually in this year's budget.

"By raising long-term money in this way they are increasing the amount of refinancing that will be necessary next year," said Eric Kraus, chief strategist at Regent European Securities. "We should not lose sight of the fact that over the longer term, 54 percent rates are aberrant in a noninflationary environment."

Russia "has a short-term liquidity problem," said Bill Browder, a manager at Hermitage Fund. "Nobody in America or any other developed country can afford to have Russia turn hostile for the sake of a \$10 billion ruble-stabilization package that probably wouldn't even need to be drawn down."

The U.S. Treasury secretary, Robert Rubin, warned Tuesday that unless Russia's financial crisis is resolved, its economic troubles "could spread to Central Europe," placing two major regions —

The Burden of Debt

Russia's revised budget, which was released last week, shows that about one-third of its spending covers interest payments on the debt. In the U.S., it is 14 percent.

Money Collected	
289.6 billion rubles, or \$47 billion	

Money Spent ...	
... On program and personnel	295.1 billion rubles, or \$47.9 billion
... On interest	137.6 billion rubles, or \$22.3 billion

Source: MFK Renaissance NYT

There is also the risk, once again, of contagion that could spread to Central Europe.

The Eurobond that Russia sold Wednesday matures in June 2003 and yields 650 basis points more than five-year U.S. Treasury bonds, which currently yield 5.57 percent. That means Russia will pay about 12.25 percent.

"This is good news, as it will help offset the redemptions this month," Mr. Gibbs said. "It's a strong signal of confidence that investors are receptive."

The government also sold 4.12 billion rubles from an offered 9 billion rubles of 343-day Treasury bills at an average annual yield of 54.02 percent, down from 56.48 percent in the secondary market Tuesday.

It raised 522.9 million rubles in one-week Treasury bills out of 2.5 billion rubles offered at a yield of 39.93 percent, down from 47.95 percent Tuesday. It sold 5.823 billion rubles of 126-day bills from 5 billion offered at a yield of 54.28 percent, down from 65.45 percent.

Without a bailout, Russia could be forced to devalue the ruble as investors pull out of the market.

If that happens, "you've got a much more dramatic situation," Mr. Browder said. "Theo you have ordinary Russians losing their savings for the second time in a decade. And you probably have the ruble going through successive rounds of devaluation, instead of one, not settling at a particular level."

A devaluation could damage the fortunes of Mr. Kiriyenko's month-old cabinet, seen by investors as the government most committed to free-market reforms since the 1991 collapse of the Soviet Union.

(Reuters, Bloomberg, NYT)

WALL STREET WATCH

Chainsaw Al Loses Buzz on Wall Street

By Floyd Norris
New York Times Service

NEW YORK — Chainsaw Al is getting cut up by Wall Street, which is beginning to suspect that there is more to corporate success than a willingness to fire people.

Chainsaw Al is the nickname given some time ago to Al Dunlap, who became a corporate legend after he was hired as chief executive officer of Scott Paper Ltd. and dismissed thousands of employees in the course of turning around the company, which eventually was sold to Kimberly-Clark Corp.

"Most CEOs are ridiculously overpaid," he wrote in his memoir, "Mean Business," "but I deserved the \$100 million I took away when Scott merged with Kimberly-Clark."

Modesty and understatement have never been among his prime virtues.

So in 1996, when a struggling Sunbeam Corp. turned to him as a savior, there was cheering on Wall Street. Sunbeam's stock price leaped 49 percent the day the move was announced.

Mr. Dunlap, whose memoir notes that his nicknames also have included

The Shredder and Rambo in Pin-stripes, set about dismissing bosses and workers. And it seemed to work.

For 1997 the company reported sharply increased sales and profit, and in February its board rewarded Mr. Dunlap with a 100 percent pay increase, guaranteeing him an annual salary of \$2 million. He also got a grant of 300,000 shares and such management perks as financial planning advice and country club dues. The company's stock price, at \$18.63 after the leap following Dunlap's hiring, soared to \$53 in early March.

Then the bad news arrived. It turned out that the profit for the final three months of 1997 had gotten a big lift from the sale of barbecue grills — not normally a big winner item. Sunbeam had offered phenomenal terms to customers such as K mart Corp. and Wal-Mart Stores Inc. to buy grills early. That had the effect of making 1997 profit look better and of taking sales away from the first half of 1998. Results this year are dreadful. On Wednesday, the stock closed at \$22.50, up 12.5 cents.

Mr. Dunlap met with analysts last month to explain what had happened. "I take full responsibility," he said,

before making clear it was everyone's fault but his. He blamed the weather. He blamed a retail chain for messing up grills that had to be recalled. He explained that because he had been working on a series of acquisitions, "I left a marketing guy in charge of operations. Mistake."

As for the grills being sold in December, he denied it was an effort to "artificially pump up" profit for 1997. It was, he explained, "a well-intentioned market-driven strategy that simply didn't work."

Sunbeam is now integrating the acquisitions Mr. Dunlap made — First Alert, Coleman and Signature Brand — and promises to make big savings through plant closings and the dismissals of 5,100 workers. Mr. Dunlap has also fired some of his top aides.

But burned investors no longer seem to trust him. Sunbeam's stock price has dropped 58 percent, and Wall Street analysts who once lionized Mr. Dunlap now seem unimpressed.

The good news for Mr. Dunlap, who declined to be interviewed, is that he appears to be in no danger of losing his job. His new contract guarantees his salary for at least three years.

Big Mergers Making for Banner Year

By Tim Smart
Washington Post Service

WASHINGTON — It may be time to reprogram the calculators.

A flurry of deals over the past week — including the \$34 billion acquisition Monday of Monsanto Co. by American Home Products Corp. — has pushed the value of worldwide mergers and acquisitions past the \$1 trillion mark. And it's only June.

The number of deals announced so far this year is running about even with last year's pace, but the dollar volume is almost double. That has pushed the total value of such combinations, including debt assumed, far higher than the \$571 billion tally last year at this time.

Analysts predict that such corporate "super-sizing" will continue as long as equity markets remain at lofty levels and interest rates stay low. If they are right and the furious pace of global acquisitions continues, dealmaking will

easily surpass \$2 trillion — well above last year's record of \$1.6 trillion.

The merger binge has led analysts to question not only how long the buying can continue, but how large an individual company can realistically become. Robert Joffe, a partner at the New York law firm Cravath, Swaine & Moore, said the ceiling was being effectively set by the value the stock market places on a company.

"There's not a lot of \$200 billion companies that can merge to create a \$400 billion company," Mr. Joffe said, noting that two that qualify are General Electric Co. and Microsoft Corp.

One dealmaker said he was aware of deals being discussed that would exceed the record \$70 billion combination of Citicorp and Travelers Group Inc. announced in April.

"A \$100 billion transaction may become, I won't say commonplace, but they are being talked about," said Hal Ritch, who heads the merger and

acquisitions practice at Donaldson, Lufkin & Jenrette. "I don't think there are any limits, as a practical matter."

Government policy does not appear to be putting much of a brake on the activity. Although the Justice Department is embarked on antitrust cases against Microsoft and Lockheed Martin Corp., both focus on concentrations of economic muscle rather than bigness.

"The antitrust laws don't deal with size, they deal with market power," said Mr. Joffe, who is defending Lockheed Martin in its battle with the Justice Department over the company's proposed \$12 billion purchase of Northrop Grumman Corp.

Though the Citicorp-Travelers deal stunned the market when it was announced, analysts say there are other large finance companies that could merge in a deal of equal, or greater size, with speculation in recent weeks focusing on Chase Manhattan Corp. and Merrill Lynch & Co.



A SHOT OF HYPE — Ronald LeMay, president of Sprint, left; William Esrey, chairman, center, and Kevin Brauer, head of National Integrated Services, playing up an innovation that was lost on Wall Street. Page 14.

Tellabs to Buy Ciena in \$7.1 Billion Stock Deal

NEW YORK — Tellabs Inc. agreed Wednesday to buy Ciena Corp., the top maker of products used to beef up phone networks, for \$7.1 billion in stock to better compete with Lucent Technologies Inc. in the fast-growing equipment market.

Tellabs' products direct traffic on the networks of Baby Bells and other phone companies while Ciena helps those networks carry more calls and data. On Tuesday, Sprint Corp., one of Ciena's biggest customers, unveiled a plan to beef up its network to offer

voice, video and data from a conventional phone line.

Under the deal, each Ciena share will be exchanged for a share of Tellabs stock. The combined company will retain the Tellabs name.

Ciena stock closed Wednesday at \$61.75, up \$4.1875, while Tellabs closed at \$63.625, down \$2.25.

Bell Atlantic Corp. and other phone providers are buying more equipment to handle the data traffic that is far outpacing traditional phone calls. Tellabs, which has strong relationships with the Bell local phone compa-

nies, needs to offer a full line to persuade them not to leave for Lucent, Northern Telecom Ltd. or other bigger rivals.

"It positions both companies better relative to Lucent," said Joseph Noel of Hambrecht & Quist.

The purchase is good news for Ciena investors, who watched shares fall as much as 30 percent to \$37.25 in February after the company said WorldCom Inc. would delay orders until completing its purchase of MCI Communications Corp.

(AP, Bloomberg)

Paris-Bonn Tussle Moves to New Venue

By Alan Friedman
International Herald Tribune

ROME — After months of sparring between Germany and France over whether Europe's politicians should be allowed to create a political counterweight to monetary policymakers at the embryonic European Central Bank, the moment of truth will arrive Thursday.

That is when finance ministers of the 11 nations taking part in Europe's single currency will meet in Luxembourg for the so-called Euro-11 Council.

The council is to be an informal forum that coordinates economic policies among single-currency members.

The 11 finance ministers will aim for a show of unity in Luxembourg, especially in light of the embarrassing and protracted battle over the central bank's presidency in May. The meeting will open with a discussion that includes a review of Europe's economic outlook and budgetary policies in 1998 and 1999.

Yet differences between France and Germany were still apparent Wednesday, mainly over the shape of future relations between the Euro-11 and the European Central Bank.

Finance Minister Dominique Strauss-Kahn of France will press Thursday for regular monthly meetings of the Euro-11, suggesting that they be held just before the so-called Ecofin monthly meetings on economic policy of the 15 European Union finance ministers, according to a French official.

The French minister, according to an aide, is also hoping to persuade his colleagues that the president of the Euro-11 should meet with the board of the European Central Bank

every second month in order to "explain the situation of the Euro-11 countries to the central bank."

But in Bonn, an official preparing for the meeting said, "Nobody has agreed yet that the Euro-11 will meet every month." The official, speaking on condition of anonymity, called the idea of the

head of the Euro-11 visiting the central bank "nonsense," saying the role was reserved for the head of Ecofin.

Behind these seemingly procedural issues lies a continuing German fear that France is trying to transform the Euro-11 into an "economic government" that could challenge the independence of the central bank.

The French, said a German official, "may try to push and see how far they can get, but they will not get very far."

An aide to Finance Minister Rudolf Edlinger of Austria, who will chair the Euro-11 Council, said Wednesday that Mr. Edlinger was prepared to mediate.

CURRENCY & INTEREST RATES

Cross Rates									
	US\$	DM	FF	Yen	DM	FF	Yen	DM	FF
Amsterdam	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Bremen	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Frankfurt	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
London	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Madrid	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Munich	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
New York	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Paris	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Tokyo	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Zurich	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
1 ECU	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
1 SDR	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66

Libid-Libor Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
9-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
12-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
18-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
24-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
36-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
48-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Key Money Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
9-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
12-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
18-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
24-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
36-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
48-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Other Dollar Values									
	US\$	DM	FF	Yen	DM	FF	Yen	DM	FF
Amsterdam	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Bremen	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Frankfurt	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
London	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Madrid	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Munich	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
New York	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Paris	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Tokyo	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Zurich	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66

Forward Rates									
	1-month	3-month	6-month	9-month	12-month	18-month	24-month	36-month	48-month
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
9-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
12-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
18-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
24-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
36-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
48-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

OLYMPUS
THE VISIBLE DIFFERENCE

FROM SPEECH TO TEXT ... AUTOMATICALLY!

Meeting in 10 minutes? D1000 Digital Voice Recorder with Voice-to-Text Transfer. Speak into the microphone, and the D1000 recorder will automatically transcribe your speech into text. It's that easy.

DIGITAL VOICE RECORDER D1000

With Voice-to-Text Transfer, you can transcribe your speech into text. It's that easy.

Olympus Optical Co. (Europe) GmbH. Visit <http://www.olympus-europe.com> or call (49) 40-237730

Britain Backs New Plan for Channel Tunnel Link

By Tom Buerkle
International Herald Tribune

LONDON — After years of indecision and one abortive attempt, the British government Wednesday endorsed a new plan for a high-speed rail link to the Channel Tunnel but stopped short of guaranteeing the entire 68-mile (110-kilometer) link to central London would be built any time soon.

The plan calls for constructing the £5.4 billion (\$8.4 billion) high-speed line in two stages, starting with a stretch from the tunnel through mostly agricultural land to the outer limits of London, which is due for completion in 2003. The second portion, which involves second tunneling under London to a renovated St. Pancras station, would ultimately depend on strong growth in passenger traffic and would not be completed until 2007 at the earliest.

That is four years after the initial target and fully 13 years after the

tunnel itself was opened.

"Well, at least we've started," said a relieved John Prescott, the deputy prime minister, who spent the last four months working to revive the plan after the contractor, London & Continental Railways, was unable to raise private financing for the full link.

Under the plan, the government will inject £140 million on top of its existing spending commitment of £1.8 billion.

More significantly, the government will guarantee £3.7 billion of debt for London & Continental to ensure that the company can raise private finance. It was a radical departure from the policy of the previous Conservative government, which denied guarantees for the link and the tunnel itself.

The debt guarantee highlighted the difficulty the government faces in forming so-called public-private partnerships to overhaul the country's creaking transportation net-

work, a strategy that is vital to the Labour Party's commitment to restraining public spending.

The plan also will transfer the operation of the Eurostar train service to a consortium that includes British Airways PLC. The consortium plans to run direct trains from London's Heathrow Airport to Paris beginning in 2001, transforming Europe's busiest airport into a multimodal transport hub along the lines of Paris' Charles de Gaulle Airport.

Mr. Prescott, who announced the plan in the House of Commons, called it a model for an integrated transportation strategy for the 21st century that will relieve road congestion and pollution and help rehabilitate rundown areas of East and Central London. The link to Heath-

row in particular would generate passenger growth that would ensure the viability of the project, he said.

"We will join the fast track to Europe," he said.

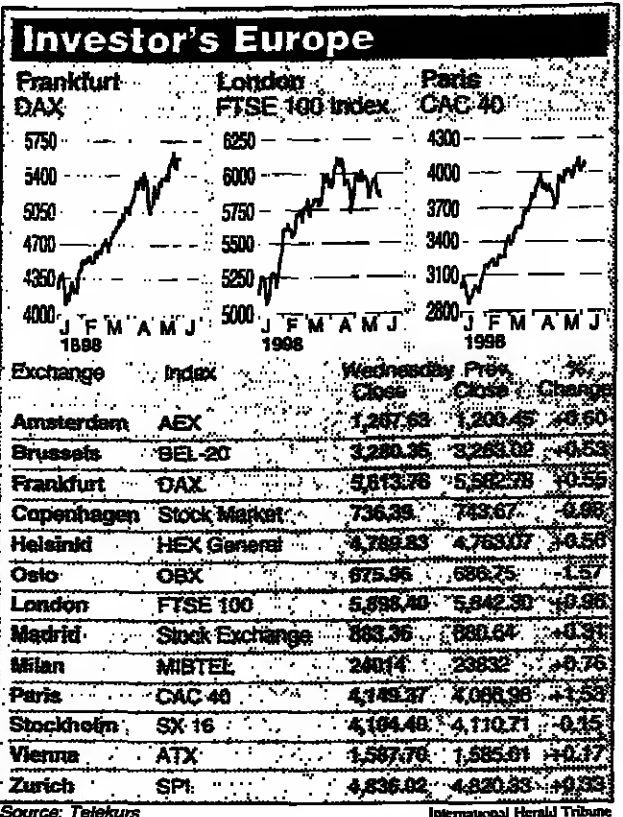
Mr. Prescott also expressed confidence that the second stage would be built. Two-thirds of the government's investment in the project is tied to the second stage, he said. The plan assumes that passenger numbers on the Eurostar will rise to 9.5 million in 2004 from the current 6 million, eliminating the service's annual operating loss of about £140 million. The original tunnel link plan fell apart because it was based on traffic of 9 million passengers this year.

The arduous process in Britain, where the first feasibility studies date from 1987, stood in stark contrast to the Continent, where government backing enabled France to have its high-speed link completed one year before the tunnel's opening. Belgium finished its link to Brussels last year.

But critics have said the huge investment would be better spent on upgrading rail lines for freight and improving urban mass transit than on cutting 35 minutes off the current three-hour time to Paris.

A crucial element of the new plan is a prominent role for Railtrack Group PLC, the recently privatized company that owns and operates Britain's existing rail lines but does not offer passenger service.

Railtrack will help build the first stage of the link and then buy it from London & Continental, a consortium that includes the U.S. construction company Bechtel Group Inc. Railtrack has an option but no commitment to buy the second stage. Its decision is expected to hinge on a government review in the coming year of fees that passenger rail companies pay to Railtrack. The implication is that the full tunnel link will depend on a subtle shift of funds from British rail passengers to the link's builders.



Akzo and PPG Strike A Deal on Courtaulds

LONDON — Akzo Nobel NV of the Netherlands and U.S.-based PPG Industries Inc. agreed Wednesday to divide Courtaulds PLC between them rather than get involved in a costly trans-Atlantic bidding war.

Akzo will go ahead with its £1.83 billion (\$3 billion) offer, ending up with more than 90 percent of Courtaulds, the world's biggest marine and aerospace coatings maker.

PPG will abandon its bid but will buy the two units it most wanted — Courtaulds' U.S. production of paints for buildings and beverage cans — for £175 million after Akzo completes its acquisition.

Shares in Courtaulds fell 21.5 pence to close at 444, as traders concluded that no third bidder was likely to emerge with only five working days to go before Akzo's 450-pence-per-share offer closes.

If Akzo acquires Courtaulds, analysts said, it will control nearly 15 percent of the \$40 billion worldwide paint and coatings market. Akzo said the two businesses to be sold to PPG account for less than 9 percent

of Courtaulds total sales and less than 7 percent of operating profit.

Akzo has said it plans to bundle another major Courtaulds division, fibers, into its own and sell or spin it off the combination by 2000. A successful Akzo bid for London-based Courtaulds "lifts their critical mass in fibers so they can have a fairly clear exit from the business," said Philip Morris of Nikko Europe.

PPG said its agreement to buy Courtaulds' units is contingent on Akzo's bid succeeding. If the bid fails, PPG may consider another bid for the British company.

"PPG reserves the right to reconsider its options with regard to Courtaulds in the unlikely event that Akzo Nobel's offer for Courtaulds lapses or is withdrawn," PPG said.

The bid comes at a time of reorganization in the European chemical industry, as companies compete to build market share in such higher value-added products as specialty paints and chemicals. Fibers and commodity chemicals are less in favor as returns tend to be lower.

(Reuters, Bloomberg)

Battle Rages For Control Of Generale

BRUSSELS — The battle for control of Generale de Banque SA of Belgium heated up Wednesday, and analysts said the increasingly bitter bidding between ABN-AMRO Holding NV of the Netherlands and Fortis AG, the Dutch-Belgian conglomerate, could mean that even in victory there will be no winner.

Jan Kalff, the AMRO chairman, said the bank had lowered its rate of unconditional acceptance for its offer to 50 percent plus one share from the 60 percent threshold it had originally sought. Mr. Kalff also said AMRO would consider sweetening its bid for Generale, although he did not think that would be necessary.

Rudi Aerts, a fund manager at Cordius, said that Mr. Kalff's moves "indicate that he's ready for a war."

Shareholders of Belgium's largest bank will decide the winner after the Belgian financial services industry regulator gave the go-ahead for both AMRO's \$12 billion bid and Fortis's roughly \$11 billion offer.

(Reuters, Bloomberg)

Sony Weighs Brussels Base For PC Foray Into Europe

Reuters

Sony Corp. said Wednesday that it planned to sell personal computers in Europe by next year and that it might pick Brussels as a regional production center and headquarters for its PC business.

Analysts view the move as part of a plan by Sony to build an empire in the lucrative digital home network area by linking PCs with its mainstay home audiovisual products, rather than seeking a larger share of the PC market.

"Having introduced our personal computers in the United States and Japan, we plan to launch them in Europe in fiscal 1999-99," a Sony spokesman said.

"Since we have our own infrastructure in Brussels, we are currently considering whether we can use it for a headquarters and production center, the spokesman said. He did not say when Sony would decide.

Sony, which abandoned the PC market in the late 1980s, returned to the business in the United States in September 1996.

Sony started selling its Vaio-series notebook PCs in the United

States for the first time last July.

The notebook PCs feature easy-to-use applications for motion pictures and Sony's audiovisual technology.

Sony has not disclosed sales data, but media reports have put sales of its PCs so far in Japan at some 100,000 units, far behind market leader NEC Corp., which aims to sell about 3 million units this year.

"Given the current low output volume, it's obvious that for Sony its PC business is merely a stepping stone to the more lucrative area of integrated PCs and home audiovisual products," said Masayuki Yonezawa, an analyst at New Japan Securities Co.

Very briefly:

- Travelers Group Inc. and Citicorp filed for European antitrust clearance of their planned combination amid signs that the European Commission would investigate the wave of mergers and takeovers in the banking industry.
- The Netherlands' gross domestic product expanded 4.2 percent in the first quarter, its biggest gain since the end of 1990, as commercial services and goods output gained.
- NFC PLC, a British distribution company, said it would return £307 million (\$502.7 million) to shareholders as first-half profit rose 7 percent, to £34.1 million.
- Chorion PLC paid Booker PLC £10 million in cash for 64 percent of Agatha Christie Ltd., giving the leisure company access to royalties from the world's best-selling novelist.
- Crewe Motors, a group of Rolls-Royce fans hoping to buy Rolls-Royce Motor Cars Ltd., said it would not publicize its bid.
- Janoptik AG will become the fifth East German company to emerge from the communist era to trade on Germany's stock exchange when the technology concern goes public June 16.
- The European Union will continue paying 480 European currency units (\$530.70) per hectare to farmers who either do not harvest hops or dig them up by 2002.

WORLD STOCK MARKETS

Wednesday, June 3
Dollars in local currencies
Telekurs

High Low Close Prev.

Amsterdam AEX index 1287.43
Dutch 100 100 100 100

Bombay SET index 2121.31
Indian 100 100 100 100

Brussels BEL 20 index 2280.25
Belgian 100 100 100 100

Copenhagen NASDAQ index 2280.25
Danish 100 100 100 100

Frankfurt DAX index 2280.25
German 100 100 100 100

Helsinki HEX index 2280.25
Finnish 100 100 100 100

London FTSE 100 index 2280.25
British 100 100 100 100

Madrid IBEX 35 index 2280.25
Spanish 100 100 100 100

Milano MIB index 2280.25
Italian 100 100 100 100

Paris CAC 40 index 2280.25
French 100 100 100 100

Stockholm OMX index 2280.25
Swedish 100 100 100 100

Vienna ATX index 2280.25
Austrian 100 100 100 100

Zurich SPI index 2280.25
Swiss 100 100 100 100

World Stock Markets (Continued)

High Low Close Prev.

Amsterdam AEX index 1287.43

Bombay SET index 2121.31

Brussels BEL 20 index 2280.25

Copenhagen NASDAQ index 2280.25

Frankfurt DAX index 2280.25

Helsinki HEX index 2280.25

London FTSE 100 index 2280.25

Madrid IBEX 35 index 2280.25

Milano MIB index 2280.25

Paris CAC 40 index 2280.25

Stockholm OMX index 2280.25

Vienna ATX index 2280.25

Zurich SPI index 2280.25

World Stock Markets (Continued)

High Low Close Prev.

Amsterdam AEX index 1287.43

Bombay SET index 2121.31

Brussels BEL 20 index 2280.25

Copenhagen NASDAQ index 2280.25

Frankfurt DAX index 2280.25

Helsinki HEX index 2280.25

London FTSE 100 index 2280.25

Madrid IBEX 35 index 2280.25

Milano MIB index 2280.25

Paris CAC 40 index 2280.25

Stockholm OMX index 2280.25

Vienna ATX index 2280.25

Zurich SPI index 2280.25

World Stock Markets (Continued)

High Low Close Prev.

Amsterdam AEX index 1287.43

Bombay SET index 2121.31

Brussels BEL 20 index 2280.25

Copenhagen NASDAQ index 2280.25

Frankfurt DAX index 2280.25

Helsinki HEX index 2280.25

London FTSE 100 index 2280.25

Madrid IBEX 35 index 2280.25

Milano MIB index 2280.25

Paris CAC 40 index 2280.25

Stockholm OMX index 2280.25

Vienna ATX index 2280.25

Zurich SPI index 2280.25

World Stock Markets (Continued)

High Low Close Prev.

Amsterdam AEX index 1287.43

Bombay SET index 2121.31

Brussels BEL 20 index 2280.25

Copenhagen NASDAQ index 2280.25

Frankfurt DAX index 2280.25

Helsinki HEX index 2280.25

London FTSE 100 index 2280.25

Madrid IBEX 35 index 2280.25

Milano MIB index 2280.25

Paris CAC 40 index 2280.25

Stockholm OMX index 2280.25

Vienna ATX index 2280.25

Zurich SPI index 2280.25

The Trib Index

Jan. 1, 1992 = 100

World Index 192.96 +0.70 +0.36 +12.11

Regional Indexes

Asia/Pacific 83.77 -0.13 -0.15 -12.80

Europe 237.31 +2.56 +1.09 +22.93

N. America 240.67 -1.00 -0.41 +11.43

S. America 132.13 -0.07 -0.05 -13.45

Industrial Indexes

Capital goods 236.81 -1.32 -0.55 +14.64

Consumer goods 226.77 +0.67 +0.30 +8.12

Transportation 212.86 +0.46 +0.22 +9.16

Financial 140.88 +0.92 +0.68 +14.57

Miscellaneous 151.95 +1.64 +1.09 +1.58

Raw Materials 200.66 +2.17 +1.05 +25.36

Service 203.14 +1.34 +0.66 +16.54

Utilities 173.57 +1.93 +1.13 +3.90

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

High Low Close Prev.

Amsterdam AEX index 1287.43

Bombay SET index 2121.31

Brussels BEL 20 index 2280.25

Copenhagen NASDAQ index 2280.25

Frankfurt DAX index 2280.25

Helsinki HEX index 2280.25

London FTSE 100 index 2280.25

Madrid IBEX 35 index 2280.25

Milano MIB index 2280.25

Paris CAC 40 index 2280.25

Stockholm OMX index 2280.25

Vienna ATX index 2280.25

Zurich SPI index 2280.25

Amsterdam AEX index 1287.43

Bombay SET index 2121.31

Brussels BEL 20 index 2280.25

Copenhagen NASDAQ index 2280.25

Frankfurt DAX index 2280.25

Helsinki HEX index 2280.25

London FTSE 100 index 2280.25

Madrid IBEX 35 index 2280.25

Milano MIB index 2280.25

Paris CAC 40 index 2280.25

Stockholm OMX index 2280.25

Vienna ATX index 2280.25

Zurich SPI index 2280.25

The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press

it could

ASIA/PACIFIC

Seoul Tells Banks to List Doomed Chaebol Units

Weak Operations Face Cash Cutoff and Death

By Don Kirk
International Herald Tribune

SEOUL — South Korea moved closer to an economic "survival of the fittest" policy Wednesday, ordering banks to include subsidiaries of the country's five largest conglomerates on a hit list of companies that will be refused cash and allowed to die.

The Financial Supervisory Commission, formed during the economic crisis to monitor South Korea's beleaguered banks and companies, issued the order while attacking the banks' preliminary list for failing to include any companies in the biggest conglomerates, or chaebol.

"The banks' death list of companies is a joke," said Del Ricks, head of research at the Seoul office of ABN-AMRO Asia. "Why did it take them so long to come up with such a list?"

He suggested that banks were reluctant "to pull the plug" on clients who would then never repay enormous loans.

The commission's decision, which marks a significant policy shift, forced the banks to postpone to June from Monday the oews of which companies would not be eligible for loans.

The move also appears to show the determination of President Kim Dae Jung to bolster foreign confidence in his reform drive before a weekend trip to the United States.

One example of a company in trouble but not cited by the banks was Hyundai Electronics Industries Co., a core member of Hyundai Group, the nation's largest chaebol in terms of assets.

Hyundai Electronics, saddled with a debt believed to exceed equity by 900 percent, suspended production for a week Wednesday, closing its plant south of Seoul and sending all 7,000 workers home until June 11.

"We're reducing, not stopping pro-

duction," said Park Young Man, a manager in the company's memory chip division.

But analysts said the company might be among a number ready for extinction as the largest chaebol face up to the problem of their unprofitable entities.

Samsung Electronics Co., the world's largest manufacturer of memory chips and a mainstay of Samsung Group, the second-ranking South Korean chaebol, was not believed to be in trouble, but LG Semicon, the country's third largest chip manufacturer after Hyundai, also is reported to be suffering heavy losses.

Officials of both Samsung Electronics and LG Semicon, part of LG Group, the fourth largest chaebol, said they, too, might have to suspend production for several days in view of the glut of chips on world markets.

Samsung, Hyundai and LG produced one-third of the world's memory chips last year, but prices for 64-megabit and 16-megabit chips have dropped by 50 percent since January.

Dozens of other major companies in sectors including construction, petrochemicals, iron and steel, and motor vehicles are equally distressed, in the view of industry analysts, who say the chaebol seek to defer either restructuring the operations or shutting them down.

Shin Bok Young, chairman of Seoul Bank, in trouble for having extended far too much credit to unprofitable companies, acknowledged that "bad companies are being helped in a vicious cycle."

One result, he said, is that the banks do not have the funds to lend to healthy companies, which then lack the cash they need to import raw materials and components for their products.

Mr. Shin said the major chaebol were responsible for making matters worse by supporting their own weak companies.



THU. JUNE 4, 1998
A worker at a rally Tuesday, holding a photo of a worker who set himself on fire in protest.

STRIKE GOES ON — A striker against Kia Motors Corp. at a rally Tuesday, holding a photo of a worker who set himself on fire in protest.

"The obstacle is cross-guarantees," he said, referring to arrangements under which companies guarantee loans to other companies within their groups.

"That's the biggest stumbling block to mergers and acquisitions," he added. Sohn Byung Doo, executive vice chairman of the Federation of Korean Industries, made up of the chairman of the chaebol, said banking institutions were the ones responsible, saying they had impeded imports of basic supplies.

"Many companies have received orders from abroad, but they are having a very difficult time importing raw materials," he said.

He warned, however, against attempting to force the chaebol to abandon companies that seemed to face too much competition.

"It doesn't make sense if we say one company must concentrate on this sector, another on that sector," he said. "There should be many different teams in competition. Only then will a company succeed."

Singapore Layoffs Climb to a Record

Compiled by Our Staff From Dispatches

SINGAPORE — The number of Singapore workers who lost their jobs reached a record high in the first quarter amid Southeast Asia's economic slowdown, the Ministry of Labor said Wednesday.

The ministry said there was also less work available. The entire job picture, it said, worsened "significantly in the first quarter of 1998 as impact of the regional economic and currency crisis sank in."

The report is the latest sign that the nearly year-old Asian economic turmoil is taking a heavy toll on this usually prosperous city state.

The report said 7,131 people were laid off in the quarter, while the number of job openings dropped to 26,148, a 44 percent decline from a year earlier.

The outlook is not any better for the next quarter, the ministry warned. It said that demand for new workers was likely to fall further and unemployment would rise as local graduates enter the work force in the next few months.

About 11,000 local graduates enter the job market every year from May to July. In addition, overseas graduates return home looking for work.

The unemployment rate rose to 2.2 percent in the first quarter from 2 percent the previous quarter. That is still lower than the 5.7 percent unemployment rate reached in 1986, the report said.

Most of the workers who have lost their jobs were from the manufacturing sector, with 66 percent of them in production work, the report said. The job losses follow cutbacks by electronics makers.

A union leader said this week that layoffs in Singapore this year would likely rise to an all-time high as the country edges toward the economic doldrums.

Lim Boon Heng, chief of the National Trade Union Congress, said the number of workers losing their jobs would probably exceed the peak of 20,000 during the 1985-86 recession.

Prime Minister Goh Chok Tong said this week that some private analysts had predicted a 4 percent unemployment rate by the end of the year.

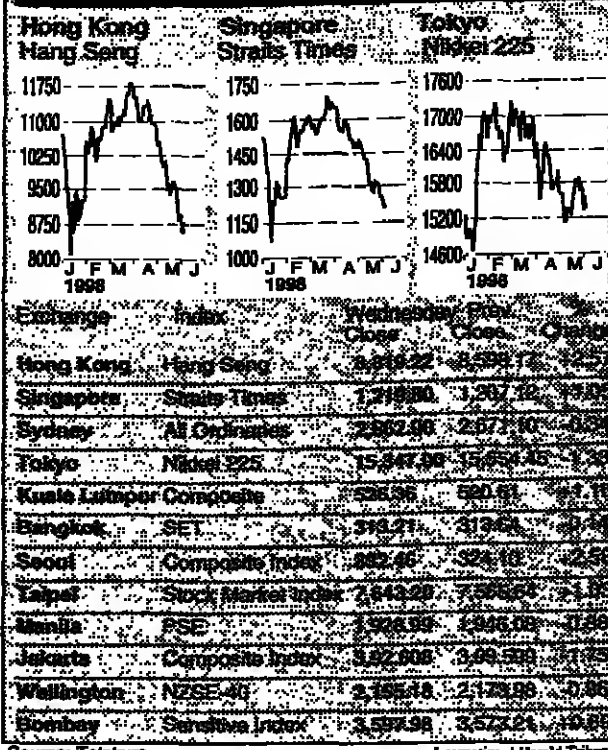
In its bleak outlook for the current quarter, the ministry said expectations were "less favorable especially in the manufacturing sector," with further declines in the electronics and engineering.

The work force totaled nearly 1.9 million people last year, out of a total population of 3.1 million, according to government statistics.

The economies of Indonesia, Malaysia and Hong Kong contracted in the first quarter, and all three are among Singapore's largest trading partners. About 40 percent of Singapore's total trade is with other parts of Asia.

(AP, Bloomberg)

Investor's Asia



Very briefly:

- Indonesia's chief negotiator said talks aimed at rescheduling the \$80 billion debt of private companies would likely finish by Thursday. Officials said the discussions with international banks were edging toward at least a partial deal.
- Nippon Telegraph & Telephone Corp. said the Finance Ministry would sell part of its 65.49 percent stake in the company by the end of March. NTT also plans to make an initial public offering of NTT Mobile Communications Network Inc. within 10 months.
- Nippon Steel Corp., the world's biggest steelmaker, Kawasaki Steel Corp., Tokyo Steel Manufacturing Co. and Sumitomo Metal Industries had their long-term credit ratings cut by Moody's Investors Service Inc.
- Philippine export growth slowed in April, dropping to 10 percent on an annual basis from 24 percent in March, the National Statistics Office said.
- China's total number of laid-off workers hit 10.1 million at the end of March, according to the Hainan Daily.
- PT Binafaktora Citra posted a first-quarter loss of 38.84 billion rupiah (\$3.3 million), or 38 rupiah a share, against a profit of 36.45 billion rupiah, or 26 rupiah a share, in the first quarter of last year.

Reuters, Bloomberg, AP

Interest Rates Cause Malaysian Rift

Differences Emerge in Government Over Direction of Monetary Policy

Agence France-Press

KUALA LUMPUR — Cabinet ministers were deeply split over monetary policy Wednesday after apparent differences between Prime Minister Mahathir bin Mohamad and Finance Minister Anwar Ibrahim, sources said.

One source close to the cabinet said ministers had a "heated debate" over interest rates during the weekly cabinet meeting, adding that the argument lasted for nearly two hours.

The meeting, chaired by Mr. Anwar in his capacity as deputy prime minister, deferred the issue until after Mr. Mahathir returns Friday from a visit to Japan, the source said.

Mr. Anwar, the anointed successor to Mr. Mahathir, said Monday that interest rates should be determined by market forces and the central bank, considering such factors as inflationary pressures and the weak ringgit.

His remarks, effectively endorsing the tight approach taken to monetary policy following the currency's collapse and rising prices for imported goods, were in direct contrast to weekend comments by Mr. Mahathir calling for lower rates.

In what has become his trademark role

of "clarifying" Mr. Mahathir's remarks, Mr. Anwar said that the prime minister was "only expressing the general concern of the business community about high interest rates."

Bank Negara Malaysia, the central bank, implicitly backed Mr. Anwar by issuing a statement late Monday to "clarify the current monetary policy stance" as Malaysia grapples with its worst economic downturn in at least 13 years.

"Interest-rate policy continues to aim to balance the need to maintain price stability and a stable exchange rate while ensuring that productive activity is not undermined," it said.

Three-month interbank rates exceed 11 percent, up from 7.5 percent in July, when the Asian financial crisis erupted. Offshore rates are even higher, at around 20 percent for three-month deposits.

Economists said that while Mr. Anwar's view appeared to be holding sway for now, the growing differences with Mr. Mahathir could create serious political friction, particularly if the economy worsens in the months to come.

During his comments to reporters Monday, Mr. Anwar said it was "very important that people who talk about

interest rates know the rates at which the ringgit is quoted elsewhere" — a clear reference to the higher offshore rates.

Eddie Lee, an economist with Vickers Ballias in Singapore, said Mr. Anwar was "having his way at this point" and seemed to have a "better feel" for the overall economic picture.

"But if the economy continues to worsen, pressure within the government will mount," he said. "There will be questions within, asking whether they have done the right thing. There is a possibility of political friction at the top as the economy gets worse."

If the differences persist, questions about Mr. Anwar's succession and the senior management at the central bank could arise.

"Malaysia cannot afford to have that," said Simon Flint, a regional economist for IDEA. "The biggest risk at this point over and above the economic specter is a political split that is already nascent."

Separately, Mr. Anwar said he would hold a news conference Thursday to give details about the country's plan to set up an agency to manage banks' bad debts, Bloomberg News reported.

Mondays, Wednesdays Fridays and Saturdays

are

THE INTERMARKET

days.

The IHT's Intermarket regularly features two pages of classified advertising for the following categories:

- | | |
|-----------|--|
| MONDAY | Recruitment, Education, Secretarial, Internet Services. |
| WEDNESDAY | Business Opportunities, Franchises, Commercial Real Estate, Telecommunications, Automotive, Entertainment. |
| FRIDAY | Holidays, Travel, Residential Real Estate, Dining out. |
| SATURDAY | Arts, Friendships, International Meeting Point, Nannies & Domestic. |

A great deal happens at The Intermarket.
Call Sarah Wershof on +44 171 420 0348



FOR INVESTMENT INFORMATION

Read **THE MONEY REPORT** every Saturday in the IHT.

Herald Tribune

WIN
US\$15,000

...and
a full scale production
of your play!

Playwright Competition

Entry details

- The theme of the competition is "Asia Rising". Plays must address the modern Asian identity.
- Submission deadline is September 1, 1998.
- Entries must be full-length plays in English and not previously produced.
- Plays must have relevance for a broad, Pan-Asian audience.

Judges

Finalist judges include Sheridan Morley, drama critic; David Henry Hwang, playwright; Philip Kan Gotanda, playwright, and Chin Woon Ping, writer and associate professor of literature and drama.

Fax Sangeeta Razu at (65) 221 1936 or email: singrep@cyberway.com.sg for a guideline



Singapore Repertory Theatre is a professional company drawing on an international pool of Asian talent to present a wide-ranging repertoire of English-language theatre.



THE WORLD'S DAILY NEWSPAPER

INTERNATIONAL FUNDS
 available on Internet: <http://www.ihf.com/ihf/fund/fund.htm> June 3, 1998

Quotations supplied by fund groups to Microcap SA, 1-23-1 46 28 08 08, e-mail: ihf@microcap.com
 For information on how to list your fund, fax Katy Hour at (33-1) 41 43 92 12 or E-mail: funds@ihf.com
 To receive free daily quotations for your funds by E-mail: subscribe@ihf.com

<p>Advertisement</p> <p>INTERNATIONAL FUNDS</p> <p>Quotations supplied by fund groups to Microcap SA, 1-23-1 46 28 08 08, e-mail: ihf@microcap.com</p> <p>For information on how to list your fund, fax Katy Hour at (33-1) 41 43 92 12 or E-mail: funds@ihf.com</p> <p>To receive free daily quotations for your funds by E-mail: subscribe@ihf.com</p>	<p>INTERNATIONAL FUNDS</p> <p>Quotations supplied by fund groups to Microcap SA, 1-23-1 46 28 08 08, e-mail: ihf@microcap.com</p> <p>For information on how to list your fund, fax Katy Hour at (33-1) 41 43 92 12 or E-mail: funds@ihf.com</p> <p>To receive free daily quotations for your funds by E-mail: subscribe@ihf.com</p>	<p>INTERNATIONAL FUNDS</p> <p>Quotations supplied by fund groups to Microcap SA, 1-23-1 46 28 08 08, e-mail: ihf@microcap.com</p> <p>For information on how to list your fund, fax Katy Hour at (33-1) 41 43 92 12 or E-mail: funds@ihf.com</p> <p>To receive free daily quotations for your funds by E-mail: subscribe@ihf.com</p>	<p>INTERNATIONAL FUNDS</p> <p>Quotations supplied by fund groups to Microcap SA, 1-23-1 46 28 08 08, e-mail: ihf@microcap.com</p> <p>For information on how to list your fund, fax Katy Hour at (33-1) 41 43 92 12 or E-mail: funds@ihf.com</p> <p>To receive free daily quotations for your funds by E-mail: subscribe@ihf.com</p>
--	--	--	--

The data in the list above is the data supplied by the fund groups to Microcap SA. It is collected and reformatted into the list before being transmitted to the IHT. Microcap and the IHT do not warrant the quality or accuracy of the list. The data of the performance of funds of the Fund Groups and will not be liable for the list, the data of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the IHT or Microcap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

1520 من الاموال

سكنا سن الامل

NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

Stock	Div	Yld	PE	100-High	Low	Close
IBM	3.00	4.2	15.5	110.00	108.00	108.00
Microsoft	0.00	0.0	25.0	100.00	98.00	98.00
Oracle	0.00	0.0	20.0	80.00	78.00	78.00
Amazon	0.00	0.0	15.0	60.00	58.00	58.00
Google	0.00	0.0	10.0	40.00	38.00	38.00
Yahoo	0.00	0.0	8.0	30.00	28.00	28.00
Alibaba	0.00	0.0	5.0	20.00	18.00	18.00
Facebook	0.00	0.0	3.0	10.00	8.00	8.00
Twitter	0.00	0.0	2.0	5.00	4.00	4.00
LinkedIn	0.00	0.0	1.0	2.00	1.00	1.00

Stock	Div	Yld	PE	100-High	Low	Close
Apple	0.00	0.0	12.0	120.00	118.00	118.00
Netflix	0.00	0.0	18.0	90.00	88.00	88.00
Spotify	0.00	0.0	22.0	70.00	68.00	68.00
Twitter	0.00	0.0	15.0	50.00	48.00	48.00
Facebook	0.00	0.0	10.0	30.00	28.00	28.00
LinkedIn	0.00	0.0	8.0	20.00	18.00	18.00
Google	0.00	0.0	5.0	10.00	8.00	8.00
Amazon	0.00	0.0	3.0	5.00	4.00	4.00
Alibaba	0.00	0.0	2.0	2.00	1.00	1.00
Facebook	0.00	0.0	1.0	1.00	0.50	0.50

Stock	Div	Yld	PE	100-High	Low	Close
Microsoft	0.00	0.0	25.0	100.00	98.00	98.00
Oracle	0.00	0.0	20.0	80.00	78.00	78.00
Amazon	0.00	0.0	15.0	60.00	58.00	58.00
Google	0.00	0.0	10.0	40.00	38.00	38.00
Yahoo	0.00	0.0	8.0	30.00	28.00	28.00
Alibaba	0.00	0.0	5.0	20.00	18.00	18.00
Facebook	0.00	0.0	3.0	10.00	8.00	8.00
Twitter	0.00	0.0	2.0	5.00	4.00	4.00
LinkedIn	0.00	0.0	1.0	2.00	1.00	1.00
Google	0.00	0.0	0.5	1.00	0.50	0.50

Stock	Div	Yld	PE	100-High	Low	Close
IBM	3.00	4.2	15.5	110.00	108.00	108.00
Microsoft	0.00	0.0	25.0	100.00	98.00	98.00
Oracle	0.00	0.0	20.0	80.00	78.00	78.00
Amazon	0.00	0.0	15.0	60.00	58.00	58.00
Google	0.00	0.0	10.0	40.00	38.00	38.00
Yahoo	0.00	0.0	8.0	30.00	28.00	28.00
Alibaba	0.00	0.0	5.0	20.00	18.00	18.00
Facebook	0.00	0.0	3.0	10.00	8.00	8.00
Twitter	0.00	0.0	2.0	5.00	4.00	4.00
LinkedIn	0.00	0.0	1.0	2.00	1.00	1.00

NYSE

Wednesday's 4 P.M. Close
(Continued)

Stock	Div	Yld	PE	100-High	Low	Close
IBM	3.00	4.2	15.5	110.00	108.00	108.00
Microsoft	0.00	0.0	25.0	100.00	98.00	98.00
Oracle	0.00	0.0	20.0	80.00	78.00	78.00
Amazon	0.00	0.0	15.0	60.00	58.00	58.00
Google	0.00	0.0	10.0	40.00	38.00	38.00
Yahoo	0.00	0.0	8.0	30.00	28.00	28.00
Alibaba	0.00	0.0	5.0	20.00	18.00	18.00
Facebook	0.00	0.0	3.0	10.00	8.00	8.00
Twitter	0.00	0.0	2.0	5.00	4.00	4.00
LinkedIn	0.00	0.0	1.0	2.00	1.00	1.00

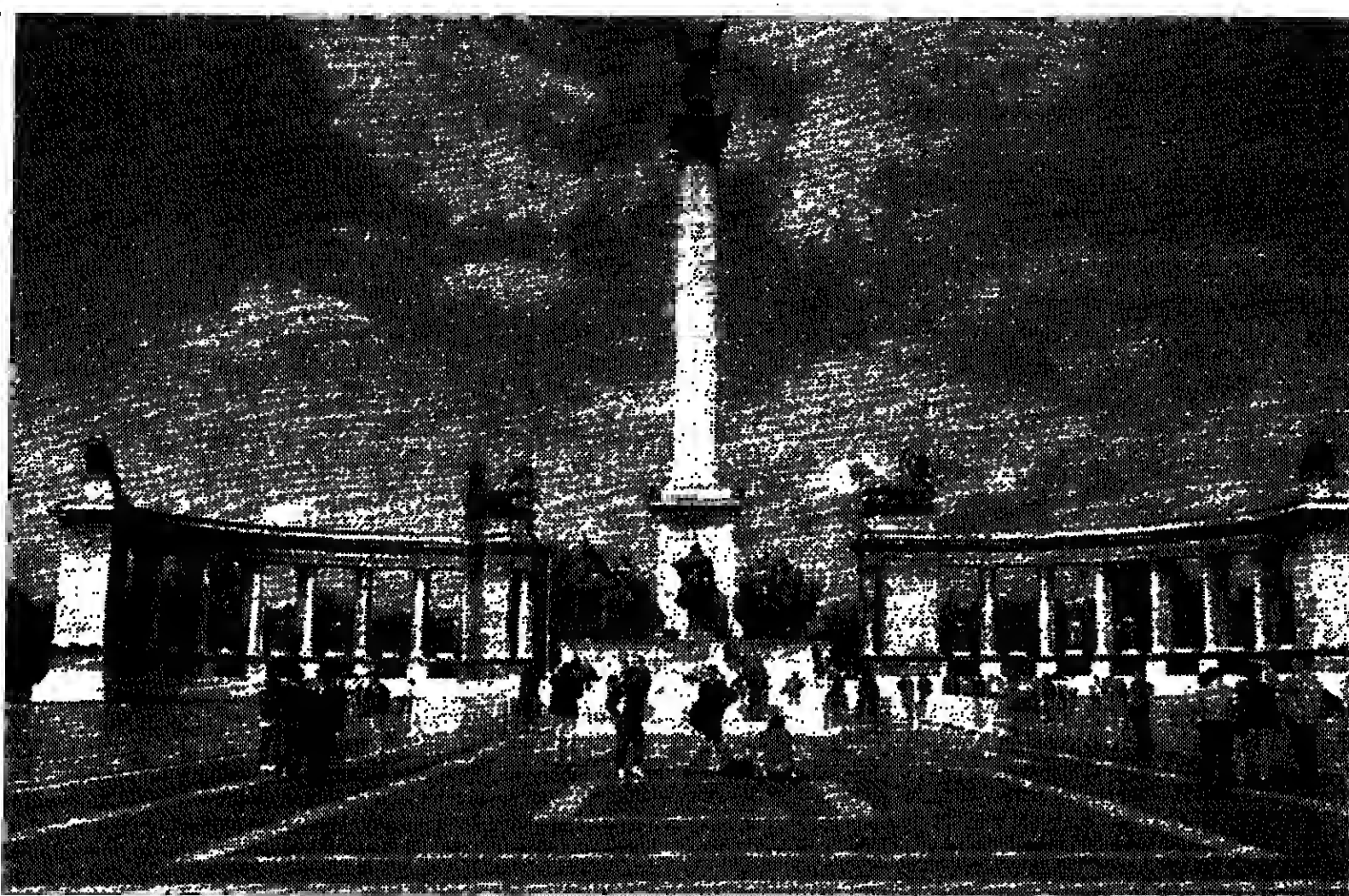
Stock	Div	Yld	PE	100-High	Low	Close
Apple	0.00	0.0	12.0	120.00	118.00	118.00
Netflix	0.00	0.0	18.0	90.00	88.00	88.00
Spotify	0.00	0.0	22.0	70.00	68.00	68.00
Twitter	0.00	0.0	15.0	50.00	48.00	48.00
Facebook	0.00	0.0	10.0	30.00	28.00	28.00
LinkedIn	0.00	0.0	8.0	20.00	18.00	18.00
Google	0.00	0.0	5.0	10.00	8.00	8.00
Amazon	0.00	0.0	3.0	5.00	4.00	4.00
Alibaba	0.00	0.0	2.0	2.00	1.00	1.00
Facebook	0.00	0.0	1.0	1.00	0.50	0.50

Stock	Div	Yld	PE	100-High	Low	Close
Microsoft	0.00	0.0	25.0	100.00	98.00	98.00
Oracle	0.00	0.0	20.0	80.00	78.00	78.00
Amazon	0.00	0.0	15.0	60.00	58.00	58.00
Google	0.00	0.0	10.0	40.00	38.00	38.00
Yahoo	0.00	0.0	8.0	30.00	28.00	28.00
Alibaba	0.00	0.0	5.0	20.00	18.00	18.00
Facebook	0.00	0.0	3.0	10.00	8.00	8.00
Twitter	0.00	0.0	2.0	5.00	4.00	4.00
LinkedIn	0.00	0.0	1.0	2.00	1.00	1.00
Google	0.00	0.0	0.5	1.00	0.50	0.50

Stock	Div	Yld	PE	100-High	Low	Close
IBM	3.00	4.2	15.5	110.00	108.00	108.00
Microsoft	0.00	0.0	25.0	100.00	98.00	98.00
Oracle	0.00	0.0	20.0	80.00	78.00	78.00
Amazon	0.00	0.0	15.0	60.00	58.00	58.00
Google	0.00	0.0	10.0	40.00	38.00	38.00
Yahoo	0.00	0.0	8.0	30.00	28.00	28.00
Alibaba	0.00	0.0	5.0	20.00	18.00	18.00
Facebook	0.00	0.0	3.0	10.00	8.00	8.00
Twitter	0.00	0.0	2.0	5.00	4.00	4.00
LinkedIn	0.00	0.0	1.0	2.00	1.00	1.00

HUNGARY

Hungary celebrated its own millennium back in 1896, when this monument at Heroes Square was erected. More recently, it has overcome considerable difficulties to transform into arguably the strongest in the region. Inflation and the deficit keep falling, while real wages are increasing. Meanwhile, the country boasts a strong banking system, a well-regulated stock market, solid infrastructure, an educated workforce and a largely privatized industrial base.



FACTS AND FIGURES

THE REPUBLIC OF HUNGARY

Area: 93,000 square kilometers (37,200 square miles)

Population: 10.25 million

Capital: Budapest (1.93 million)

Other major cities: Debrecen (210,000)
Miskolc (182,000)
Szeged (169,000)
Pécs (163,000)
Győr (131,000)

A CHANGE IN THE GOVERNMENT, BUT NOT IN ECONOMIC POLICIES

Hungary's belt-tightening over the last few years has paid off and the economy is clearly picking up, but where does the country go from here?

Hungary is facing a change in government, but not in economic policies. That's the message coming from Viktor Orban, head of the Hungarian Civic Party, or Fidesz, the winner of the second round of parliamentary elections in late May. Fidesz is expected to be commissioned with forming a center-right coalition. The party's platform represents no major changes from those of Prime Minister Gyula Horn's em-

phases on fostering investment and maintaining a hard line on public-sector financing. Hungary's economy is probably the strongest in the Central and East European region, its 4.4 percent rate of gross domestic product growth in 1997 notwithstanding. This was more than two and a half percentage points below that of longtime growth champion Poland, and about half that of Estonia and the other Baltic "tigers."

Unlike these countries, however, Hungary has its trade deficit firmly under control. In 1997, the deficit came to 4.5 percent of GDP, an improvement of nearly one percentage point over 1996. This trend has continued in 1998. During the first three months of 1998, the foreign trade deficit declined by another 12 percent.

Keeping the lid on The runaway consumer spending that has caused

high deficits in other countries has been under tight control in Hungary since 1995, when the Horn administration instituted its own version of "shock therapy." Its key elements were the slashing of public-sector budgets and payrolls, an increase in the prices of consumer essentials, a tightening of the money supply and the fostering of growth in the export sector.

The Horn government's ability to implement and stick to these painful

policies won it kudos from the rest of the world. The results have been impressive. Industrial production has grown 15 percent over the last two years, causing exports to rise 48 percent during the period. Spectacular though these figures are, they seriously understate the scope of the industrial sector's growth.

The most advanced industrial sectors have shown the fastest growth. The total value of computers and other office equipment manu-

factured or maintained in Hungary during the first quarter of 1997 was up 510.7 percent over the same period in 1996. Telecommunications products rose 248 percent, with the automotive and electronics sectors showing increases of 136 percent and 133 percent respectively.

These rates of growth allowed the Hungarian economy to reach a very special milestone in 1997. In a first for the entire Central and East European region, advanced industrial products accounted for more than 50 percent of Hungary's exports to the European Union.

The Hungarian government shows no signs of swerving from these policies. Nor would it seem to have reason to do so. The country's GDP is expected to grow at a 5 percent rate in 1998. During the first

quarter of 1998, exports were up 26 percent over the same period in 1997, with those of industrial products showing a 37 percent rise. Large though it is, this differential is rapidly growing. The total amount of products sold by Hungarian companies abroad in March 1998 was 41 percent higher than it was a year previously.

More positive indicators The country's industrial strength is having a positive impact throughout the economy. After years of austerity-caused pain, consumers are experiencing the pleasures of an upswing.

Real wages, after falling 5 percent in 1996, rose an equivalent amount in 1997, causing household consumption to rise by 2 percent, reports the First Hungarian Fund in its 1997 annual report.

The prime beneficiaries of the turnaround in personal income were the country's banks. Showing great financial prudence, Hungarian households increased their total savings by 24 percent in 1997.

A main object of increased consumer consumption in Hungary in 1997 was housing. During the first nine months of 1997, expenditures for new dwellings, or for renovating existing ones, were up 30 percent over the previous year, powering the coun-

try's building sector as a whole to a 7 percent rise during the period.

The bigger picture The Hungarian government's steadfast adherence to its economic policies raises the question: Is this pattern of strong if not spectacular growth and low rates of trade deficit as good as it's going to get for Hungary? Is Hungary's performance the best Central and Eastern Europe can hope for?

Says Szabolcs Fazakas, Hungary's minister of industry, trade and tourism: "Thanks to our industrial community's starting to achieve an internal balance, our economy has ample potential for greater growth over the medium term. By internal balance, I'm referring to the fact that other sectors are now joining our manufacturers of industrial equipment and systems in recording very high rates of expansion."

These manufacturers have been successful in selling their products abroad — so successful that they alone accounted for 82 percent of the large rise in exports registered by Hungary in 1997, a year in which 73 percent of these exports went to the European Union. The greater contributions from such areas of production as automobile parts, computers and the like mean that our



Viktor Orban, head of Fidesz, the Hungarian Civic Party.

export sector will continue to turn in very high rates of growth in the years to come."

He concludes: "The export sector will combine with the ongoing pickup in domestic demand in forming a platform sustaining Hungary's rate of GDP growth at — at least — 4 percent to 5 percent over the years to come. This figure could rise above the 5 percent mark in 2000 and beyond."

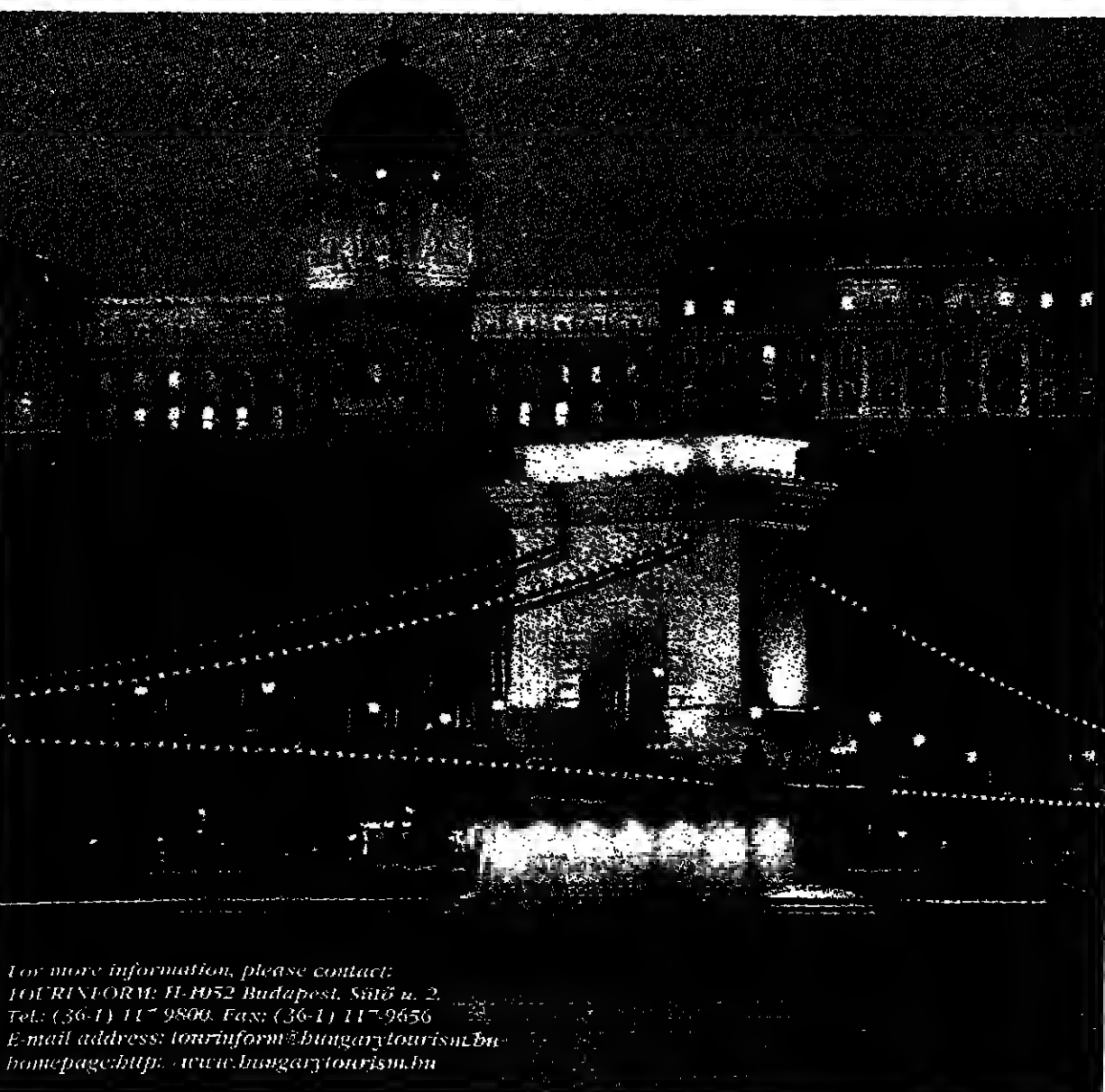
While refraining from commenting on Hungary's position vis-à-vis the other countries in the region, the minister does have this point to make: "The export figures show that Hungary's manufacturers are able to compete — and compete very successfully — for business in the EU's various markets. This fact has important implications: that Hungary's industrial community — and with it, our entire economy — stands to fully profit from the greater links among markets resulting from our country's accession to the EU."



OPEN DOORS. OPEN HEARTS. OPEN MINDS. Visitors to Hungary

experience friendliness and cordial hospitality all along, also in the capital situated on the banks of the river Danube. Budapest is composed of several towns. Buda, on the west bank of the river rises on hills with magnificent views. The ancient edifices of the Castle District tell stories of the past. In Pest, on the opposite river bank, there are vibrant boulevards, avenues and impressive monuments situated almost side by side. Between the two, lies the spectacular Danube spanned with graceful bridges connecting both parts of the city. Budapest is one of the most important cultural centers of Europe. In its many museums, galleries, concert halls, in one of the most beautiful opera houses of the world, and at the many festivals throughout the year, everyone can find something to their liking. Wherever you come from, you will encounter heartfelt hospitality in Hungary. One of the thousand faces of Budapest will certainly be yours.

Budapest is probably one of the most beautiful cities in the world



For more information, please contact:
TOURINFORM: H-1052 Budapest, Sütő u. 2.
Tel.: (36-1) 117-9800. Fax: (36-1) 117-9656
E-mail address: tourinform@hungarytourism.hu
Homepage: http://www.hungarytourism.hu

A WEALTH OF PLAYERS IN TELECOMS

Telecommunications providers are jockeying for position before Matav loses its monopoly.

For a country in which the national telecommunications operator — Matav — still enjoys a government-ordained monopoly on operating the country's master network, or standard telecommunications grid, Hungary has a lively telecommunications sector. At latest count, no less than 19 major providers were competing for business in the local, mobile, dedicated-lines and paging segments. The range of value-added and special-purpose services offered by these providers shows a scope rivaling that of any country in Western Europe.

The reason for the greater number of providers: Each of them is being positioned by its backers to be Matav's in the making. Matav's monopoly will expire on Dec. 31, 2001, and each of the 18 others is busy preparing to hit the ground

running. In doing so, they are availing themselves of the ample resources of their largely non-Hungarian backers. All told, telecommunications providers with headquarters in 14 countries hold stakes in Hungary's sector, either directly from abroad or through their Hungarian subsidiaries.

Matav itself has been busy preparing for 2001. In 1997, the company increased the number of telephone lines it has installed in Hungary by 250,000, bringing the total to more than 2.4 million. This has given Hungary a ratio of 32 lines per 100 residents. Matav plans to increase this to 38 per 100 by 2000. The company's master network is now 70 percent digitalized — by far the highest percentage in Central and Eastern Europe.

Its heavy investments in new lines and other links notwithstanding, Matav has also been busy making money. Its net income for 1997 was up 56 percent over 1996, outpacing its 30 percent rise in turnover. The company's strong results help explain why its initial public offering, which took place on Nov. 14, 1997 on both the Budapest and New York stock exchanges, was such a success.

The sale of 26 percent of Matav's equity raked in a cool \$1 billion. It was the largest stock-related transaction in Hungary's history, and it made Matav Hungary's biggest company when ranked by market capitalization.

The improvement and extension of services have helped Hungary's Internet sector, which is currently growing at a monthly rate of 15 percent to 20 percent. By the end of 1998, this number should have risen much further. That's the country's Ministry of Education, will be completed. The program will put all of Hungary's secondary and post-secondary schools on-line.

Growing at a similar rate is the country's mobile communications sector. By mid-1997, the number of mobile telephone subscribers had broken the 600,000 mark, meaning that 10 percent of the adult population in Hungary already owns one of these telephones.

LIVING IN HUNGARY?

In Budapest, Budaörs and Törökbalint, you can now receive the International Herald Tribune at your home or office on the day of publication by hand-delivery at no extra cost. Postal delivery of your subscription elsewhere in Hungary.

FOR INFORMATION AND EASY ORDERING
CALL THE IHT OFFICE IN VIENNA:
+43 1 891 36 3830
OR FAX: +43 1 891 36 3840



THE WORLD'S DAILY NEWSPAPER

SPONSORED SECTION

SPONSORED SECTION

HUNGARY

FINANCIAL SECTOR GETS FINE-TUNING

Banks have profited from fiscal restraint.

The presidency of the National Bank of Hungary was once one of the hardest and most thankless jobs in the country. The Central Bank's president was involved — directly or indirectly — in combating Hungary's rising rates of inflation and ballooning public sector indebtedness, rescuing and refloating its failing bank and alleviating the rest of the Hungarian public and financial sectors' manifold and interlinked problems.

To handle these onerous responsibilities, NBH President György Surányi and his predecessors tirelessly preached and practiced the gospel of tight money and fiscal restraint. The tools they employed to tighten the supply of money — notably increasing the prime interest rates and bank capital adequacy ratios — were not designed to make them popular with either the country's politicians or general populace.

As a result, the presidents came and went. Their policies, however, remained in force, and in a relatively short time the banking sector's problems diminished.

Significant strides

Mr. Surányi would seem to be having a very easy time these days. The sector over which he presides is healthy. In 1997, capping three years of steady advances, the banking sector's assets rose by a real 8 percent after allowing for inflation. Hungary's banks now have a collective capital-adequacy ratio of 16.2 percent, double the 8 percent stipulated by the Commission of Basel. Non- and underperforming loans account for a mere 2.6 percent

of the banks' total portfolios — a very low percentage by world standards. A new, independent agency diligently oversees the country's financial institutions.

The prospects for 1998 and beyond are even brighter, points out Csaba Lantos, head of Hungarian operations at CA 1B, the investment banking arm of Bank Austria. "The financial sector is expected to be one of the fastest-growing sectors of the Hungarian economy over the next five years," he says. "It is considered to be the most developed one in Central and Eastern Europe." Mr. Lantos has a great deal of evidence to back up his statement, including the 200 percent rise in the number of smart cards in the country over the past two years.

Mr. Lantos's evaluation is widely shared in the world's financial community, which gives high marks to the country's thoroughgoing and fair-handed privatization of its banking sector. The privatization left foreign financial corporations controlling 60 percent of the sector's assets, with another 28 percent accounted for by OTB, the state-owned savings bank.

Another positive development is that Hungary's small and medium-sized companies are finding it increasingly easy to secure bank credit. Says Mr. Surányi: "This is thanks to an interplay of factors: the favorable macroeconomic conditions and fierce inter-bank competitive pressures prevailing in the country and the rising profitability of both banks and corporations as well as the improvement in credit evaluation and risk management techniques."

A FAST-GROWING ECONOMY

	1996	1997	1998*
% GDP CHANGE	1.3	4.4	2.5-5.0
% INDUSTRIAL PRODUCTION CHANGE	3.4	11.1	10.0
RATE OF UNEMPLOYMENT	10.7	10.4	9.6
EXPORTS (IN \$ BILLIONS)	18.1	22.0	22.0
IMPORTS (IN \$ BILLIONS)	18.1	22.0	22.0
INVESTMENT (IN \$ BILLIONS)	18.1	22.0	22.0

Source: Ministry of Industry, Trade and Tourism

With these strong fundamentals and stable ownership, what's left for Mr. Surányi to do, aside from stoutly maintaining lines of defense against undue public-sector spending and engaging in a bit of fine-tuning? "Actually, quite a lot," he answers. "Hungary's financial sector is becoming highly multifaceted, thanks to the burgeoning number of institutions offering financial services not classically supplied by banks. This

emergence of new segments of the financial sector has augmented the complexity of the operations involved in the NBH's exercising of its legal mandate to safeguard the stability of the financial sector as a whole.

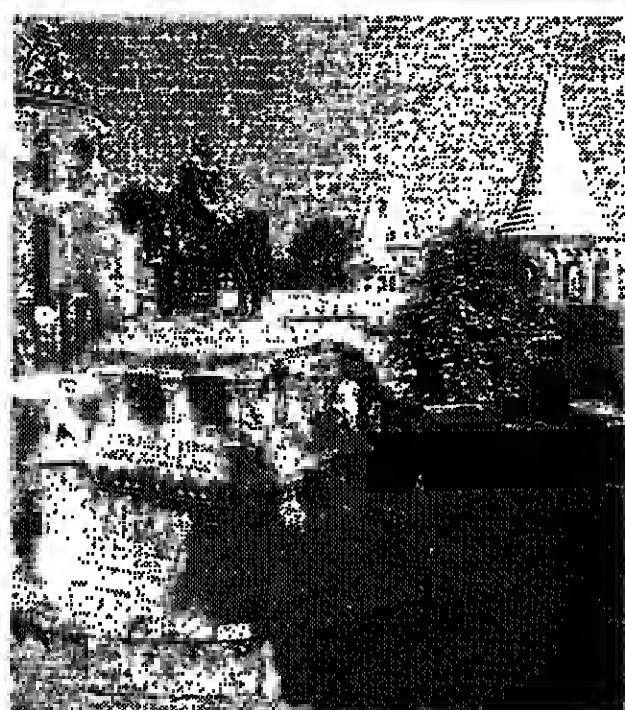
The ongoing development of the financial sector also has important ramifications for how monetary policies are transmitted. The monitoring of these ramifications is also part of our brief."

USEFUL ADDRESSES

Hungary Tourism
Margit krt. 85
H-1024 Budapest
Tel.: (36 1) 175 1682
Fax: (36 1) 175 3819
Internet: <http://www.hungarytourism.hu>

Ministry of Industry, Trade and Tourism
Honvéd utca 13-15
H-1880 Budapest
Tel.: (36 1) 332 2345
Fax: (36 1) 302 4546
Internet: <http://www.kon.iff.hu>

National Bank of Hungary
Szabadság tér. 8-9
H-1850 Budapest
Tel.: (36 1) 302 3866
Fax: (36 1) 269 0735
Internet: <http://www.mti.hu/mnb/mnbeng.htm>



INVESTORS KEEP COMING BACK

The time from purchase to profit: two years.

Statistically, 1997 was an average year for foreign direct investment in Hungary. In 1997, the country secured \$2.1 billion in investment, the third-highest total in the Central and East European region, and 5 percent over 1996's figure. The 1997 influx brought the country's cumulative total to \$17.3 billion.

This \$17.3 billion, in turn, has gone to start up or take over 30,000 Hungarian companies. These account for 78 percent of the country's industrial exports, and also for a majority of holdings in the country's utilities, automotive, telecommunications and financial service sectors.

These companies are often making money for their new owners. As a recent article in Handelsblatt, the German business daily, reported: "Foreign-owned operations in Hungary's energy sector are breaking into the black." The foreign investors' success is especially significant because this sector was considered to be the most difficult in which to earn a profit; the country's regulatory authorities keep the prices levied for energy low.

The foreign companies had purchased their stakes in the country's energy sector in late 1995, meaning it took them a scant two years to reap an initial profit from their investment. This was just the latest instance of the "24 months from purchase to profitability" pattern already seen in the country's other main sectors of international investment.

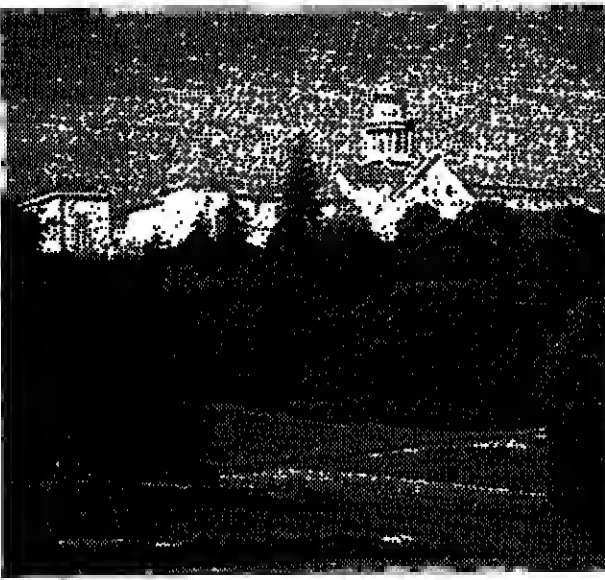
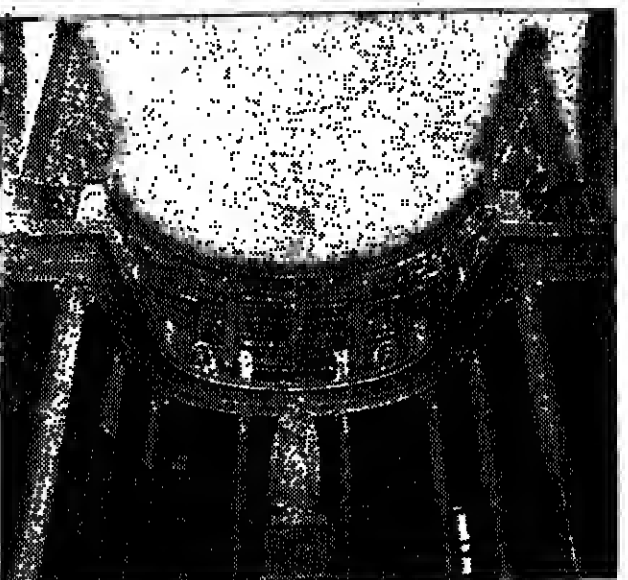
Follow-up development

The profitability of their operations in Hungary has encouraged these foreign companies to make high-end follow-up investments there. These investments take the form of high-profile, advanced manufacturing and product development centers.

Following the lead of IBM, whose factory in Székesfehérvár has been turning out hard drives since 1995, Nokia started up a facility that produces monitors in Pécs in 1996. Philips followed suit in 1997. Its monitor-producing factory is located in Szombathely. These companies, in turn, have been joined by Ericsson, GE Lighting and many other international companies in establishing dedicated research centers in the country.

In April, Hungary's manufacturing sector nabbed an even bigger plum. Audi, the German producer of luxury cars, announced that it would introduce two new models: the TT coupé and roadster, designed to go head-to-head with Porsche in the luxury sports car segment. The new models will be assembled in Győr, where Audi already manufactures engines.

"HUNGARY"
was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the Hungarian National Bank and the display advertisers.
WRITER: Terry Swartzberg is a business writer based in Munich.
PROGRAM DIRECTOR: Bill Mahder.



Budapest (top) still attracts the lion's share of visitors, more of whom are staying on to visit sites like the Pannónia hotel, above.

LESS IS MORE FOR TOURISM INDUSTRY

Fewer day-trippers, more long-staying spenders: that's Hungarian tourism in a nutshell.

Hungary's tourism industry recently received a bit of seemingly bad but actually good news. In 1997, international tourist arrivals were down 17 percent. Although much fewer in number, these tourists actually spent 12 percent more than in 1996. Joined by the ongoing influx of investment capital, their total expenditures of \$2.5 billion — causing the tourism sector to record a net surplus of \$1 billion — helped put the country's current-account balance in the black.

According to the World Tourism Organization, there's plain old good news in store for the tourism sector in 1998: The international arrivals figure will rebound, pushing the total expenditures figure to \$2.8 billion.

Fewer people are driving

over from Austria for a day of shopping and sightseeing, while more and more are flying into the country's modernized airport in Budapest to spend a weekend in the city — or several weeks in the country. The total number of nights spent by international tourists in Hungary rose 6 percent in 1997. Combined with the decline in the tourists' total number, that translates into a 20 percent increase in average length of stay.

Keeping busy
What are the foreigners doing with the extra time they are spending in the country? "Touring the country's other major sights," is the answer from Hungary's tourism officials. Increasing numbers of international tourists have been making their way to Hungary's "other Budapest," cities with cultural,

architectural and culinary traditions rivaling those of the capital. Foremost among them is Eger, which features a wonderfully baroque cityscape and strong red wine.

Budapest and other cities notwithstanding, Hungary is very much a rural country. Its countryside is dotted with charming small towns, of which Pannónia, located 18 kilometers (11 miles) southeast of Győr, is probably the most famous. Its mountaintop abbey was originally built by the Benedictine monks a millennium ago. Since then, all of Hungary's rulers and conquerors have added on to or modified the abbey, creating a wonderfully eclectic mix of architectural styles in the process. In 1997, UNESCO included the monastery in its list of World Heritage sites.

Eastern Hungary is largely composed of the puszta, a prairie that rivals the U.S. Great Plains in majesty. Hortobágy National Park is located in the midst of the puszta. Its 520 square kilometers (208 square miles) consists of marshes and wetlands that are home to 310 species of birds.

HUNGARIAN LANGUAGE CLASSES
AT THE DEBRECEN SUMMER SCHOOL, HUNGARY (FOUNDED IN 1927)
• 1998 Super-Intensive Course (120 hours): 24 May-7 June
• 1998 Summer Course (120 hours, language and culture): 19 July-15 August
• 1998 Winter Course (80 hours): 10-23 January
We offer language classes at all levels, with full cultural programs, excursions and full board.
Contact: Nyári Egyetem
H-4010 Debrecen, P.O. 36
Tel./Fax: +36 52 329 117
E-mail: nyeseg@nyeseg.kit.hu
Internet: <http://www.nysegy.kit.hu>

The countdown has begun...

For a united Europe,
global business focuses on

Hungary
the future member
of the European
Union

- A reliable partner ■
- Safe legal & economic environment ■
- Regional business & financial center ■
- Success-oriented people ■

Information source: Ministry of Industry, Trade and Tourism, Tel.: (36-1) 332 2345 Fax: (36-1) 374 2925 Internet: <http://www.hungarytourism.hu>

WORLD ROUNDUP

Tonkov Wins Stage

CYCLING Pavel Tonkov of Russia edged the overall leader, Marco Pantani of Italy, by one second Wednesday to claim the 18th stage of the Tour of Italy after the race's top two riders made a late breakaway on the final climb in the Alps.

The tough, 115-kilometer (71-mile) stage ended at an altitude of 1,760 meters (5,808 feet) above sea level.

Pantani finished second for the second straight stage and held onto the pink jersey heading into the last four days. He leads Tonkov, the 1996 Giro champion and last year's runner-up, by 27 seconds in the overall standings.

Alex Zülle of Switzerland, who had dominated the race until it headed into the mountains, lost more time Wednesday. He faltered on the final uphill pass and was fourth, 58 seconds behind Tonkov. Nicola Miceli of Italy was third. Tonkov was clocked in 3 hours, 36 minutes, 53 seconds. (AP)

Giants' Player Diagnosed

FOOTBALL LeShon Johnson, a running back acquired recently by the New York Giants, has lymphoma.

Doctors diagnosed the 27-year-old former Arizona Cardinal with cancer of the lymph nodes after an X-ray last month revealed a tumor in his chest, a Giants' spokesman, Pat Hanlon, said Wednesday.

"Other than what was reflected in the X-ray, there were no other symptoms," Hanlon said.

More tests are being conducted to determine whether Johnson has Hodgkin's or non-Hodgkin's lymphoma and what treatment he should get. "My doctors tell me we have a good chance to cure this," Johnson said in a statement released by the team.

The Giants signed Johnson as a free agent in March. He was with the Cardinals for two seasons. (AP)

Easy Tune-Up for Brazil

SOCCER Giovanni and Rivaldo scored a minute apart in the first half and Brazil managed to win without Romario, posting an easy 3-0 victory over Andorra on Wednesday in its last international match before the World Cup.

Using Bebeto, who played the entire 90 minutes, in place of Romario, Brazil easily overran the tiny Pyrenees nation, also getting a goal from Cafu in the 53rd minute.

Giovanni gave Brazil the lead in the 26th minute and Rivaldo scored a minute later to put the four-time defending World Cup champion in control.

The match marked the first time Brazil had played since announcing Tuesday that it would drop Romario from its World Cup team because of his inflamed calf muscle. (AP)

Pioline and Corretja Reach Semis

By Christopher Clarey
International Herald Tribune

PARIS — Call him foolhardy. Call him a fan of Céline Dion. But Alex Corretja says he has been spending his evenings at the French Open listening to the soundtrack from the film, "Titanic."

It has been a tournament for flirting with danger, and both Corretja and the Frenchman he will face in the semifinals, Cedric Pioline, have come perilously close to sinking out of sight and contention on the crushed red brick that passes for clay at Roland Garros.

Back in the third round, Corretja needed five hours and 31 minutes before finishing off Hernan Garmy of Argentina, 9-7, in the fifth set in the longest recorded match in a Grand Slam event since the advent of the tiebreaker.

Pioline has established no historical footnotes, but he has had to win three matches in five sets to reach his first semifinal in this Grand Slam event, which is staged only a short walk from his home. On Wednesday, Pioline needed three hours and 43 minutes to eliminate Hicham Arazi, 3-6, 6-2, 7-6 (8-6), 4-6, 6-3.

"I'm going to have to work at resting," said Pioline, who began tiring visibly in the fourth set but somehow found

enough energy in the fifth to keep lunging for volleys and chasing down Arazi's flashy left-handed groundstrokes.

It was a resourceful, emotional and mature performance, helped along by some ill-timed passivity from his Moroccan opponent, and the only person who might have enjoyed it more than the 16,000 French fans on Center Court

THE FRENCH OPEN

was Corretja. Earlier in the day, he had silenced Filip Dewulf and his boisterous Belgian fan club by the considerably less enervating score of 7-5, 6-4, 6-3.

Fresh legs are a precious commodity in the final phase of Roland Garros, and Corretja's, though weary, cannot be as worn out as Pioline's.

The 45th-ranked Arazi, who was raised near Paris and also reached the quarterfinals here last year, counter-punched and passed brilliantly at certain points in the marathon match. He has undeniable flair, and if Pioline had not managed to save two set points with an ace and an acrobatic backhand overhead in the third set, Arazi might well have become the first Moroccan in a Grand Slam semifinal.

But in the final set, he failed to capitalize on five break points on Pioline's serve and lost his own serve at 2-3 with

a loose game that inspired him to fling his racket onto the clay.

At least he did not fling it in the direction of the chair umpire's head, as Gustavo Kuerten of Brazil did Tuesday night in a doubles match. (Kuerten, who was immediately defaulted, was fined a total of \$7,000 on Wednesday for his dangerous gesture; he also apologized.)

But though Arazi kept his temper in check, he could not manage to keep taking risks. His flamboyant tennis was oddly muted in the final games.

Whether or not the 28-year-old Pioline can leap past Corretja on Friday, he already has accomplished something potentially more difficult by becoming a crowd favorite at home. The French like their politicians and other public figures to pay their dues, and Pioline has now paid his. His slightly round shoulders and ungainly shuffle of a walk project disinterest, but when the ball is in play, he is a world-class mover who possesses one of the sport's great backhands and is nearly as adept at the net as he is from the baseline. His lunging backhand drop-volley winner in the final game against Arazi was a case in point.

Unlike his runs to the 1993 U.S. Open final and 1997 Wimbledon final, neither of which were shown on free French television, Pioline's performances here have been broadcast on the country's public networks and in hours of French viewers watched the end of his five-set victory over Marat Safin in the fourth round. What his fellow citizens have seen is a natural introvert finally letting his enthusiasm show.

It is unclear what the 14th-seeded Corretja and his fellow Barcelona residents can do to become bigger heroes at home. Corretja's victory over Dewulf made him the third Spaniard to reach the semifinals. Two other members of the so-called Armada, the No. 12 seed Carlos Moya and the No. 15 seed Felix Mantilla, won their quarterfinals on Tuesday.

It is the first time in any Grand Slam event that three Spaniards have advanced this far, and the first time one country has had three players in the



Cedric Pioline celebrating his victory over Hicham Arazi on Wednesday.

semifinals at Roland Garros since 1980 when Harold Solomon, Vitas Gerulaitis and Jimmy Connors of the United States reached that stage.

"I'm surprised we're not four Spaniards in the semifinals," Corretja said, referring to his close friend Alberto Berasategui, who had played well on clay all season but lost steam here because of a muscle pull and was beaten by Arazi.

Spanish success at this event is hardly a novelty. Sergi Bruguera won the French Open in 1993 and 1994, defeating Berasategui in the 1994 final. But tennis remains of minor interest to Spaniards, whose passion for soccer knows few bounds.

"I just hope the Spanish people appreciate what this means," Corretja said.

Women's Semifinals on Thursday

Martina Hingis (1) vs. Monica Seles

Hingis holds a 5-0 edge over the world's former No. 1 player and beat her in three sets in the semifinals last year. But she never has played Seles at her best because she did not turn professional until after Seles was knifed in the back and psyche in 1993. Seles is not the player who won Roland Garros three straight times. She is not as consistent, not as unflappable. But with a new coach and a clearer head, she appears to be rising. But Hingis, who has improved her serve and become increasingly difficult to overpower, also seems to be improving.

Lindsay Davenport (2) vs. Arantxa Sanchez Vicario (5)

Davenport's run here has been a tribute to the power of negative thinking: The likable American didn't like her chances on clay when she arrived. But she is now in her third consecutive Grand Slam semifinal. Her chances of finally winning one depend on her ability to bully Sanchez Vicario with her powerful groundstrokes and, above all, to cover court against a player who runs for a living and is in superb condition. Sanchez Vicario has already won here twice. She also holds a 6-2 career edge over Davenport.

Rodman Gets His Marching Orders for Utah: Control Malone

By Selenia Roberts
New York Times Service

SALT LAKE CITY — Dennis Rodman sauntered into the Delta Center and stood before everyone like a neon sign. No wonder Las Vegas is such a lure for him. He can hear the dice rolling from the shadows of the Wasatch Mountains here in Utah.

"With Vegas being so close, you can't control his appetite for it," Michael Jordan said Tuesday before the Bulls practiced for Game 1 of the NBA

NBA FINALS

finals Wednesday against the Jazz. "I can't tell Dennis not to be Dennis. You just have to ask him to be Dennis on the court."

This has been Rodman's problem when the court is occupied by Karl Malone. Rodman has been unable to slip around Malone's shadow for rebounds, incapable of nudging him outside his range and hard-pressed to stay out of foul trouble.

His ineffectiveness was obvious during the National Basketball Association's championship series last year.

So Rodman created drama off the court by darting off to Nevada and by throwing darts at the Mormons. "I feel like I'm home," Rodman said. "It's good to be back."

But this is not like last year, when the Bulls had a safety net for the unfocused Rodman: Brian Williams. He is not there to save the Bulls this year. He's with the Pistons. It's up to Rodman to make Malone work for his shots in what has always been a difficult matchup for the Bulls' jumpy forward. It seems Rodman's usual blend of elbows and mind blows ricochet off Malone's vault-like frame. It is tough to get under the skin of a man who appears stuffed with boulders, and harder to sneak inside the head of player wise enough to ignore you.

"I watch some of the things Dennis does to other players," Malone said after the Jazz's practice. "And it seems like a lot of the young players want to show him how tough they are. I just take this approach: Play the game. I've seen it all. I've heard

it all. I've done half of it. I also realize for us to win a championship, I can't allow someone to take me out of my game."

Rodman failed in this attempt to divert Malone's game during last year's finals. Malone simply walked away from Rodman's act, leaving the spring-filled forward crestfallen with a frustrating 2.3 points and 7.7 rebounds a game. In turn, Malone puffed out his Popeye chest for 23.8 points and 10.3 rebounds a game.

But Rodman's disappearance was not catastrophic. Williams was there in the low post, shadowing Malone on the fast break and keeping him occupied underneath.

Now Rodman will be asked to do the same. The Bulls need him to limit Malone just enough to keep them from having to send two men to him, which would open up the three-point opportunities for Bryon Russell and Jeff Hornacek.

Malone altered the regular-season outcome for the Jazz as Utah won both games this season against the Bulls. He averaged 32.5 points and 9.5 rebounds in two games. Rodman came up with 2

points and 9 rebounds for the series.

But Rodman is not ready to spew credit Malone's way. Instead, he continued his tirade on officials Tuesday. "It's hard to guard Malone," he said. "Just the slightest touch, and you get called for a foul."

In the Bulls' series with the Pacers, Rodman attributed the rebounding success of Antonio Davis and Dale Davis to the officials, too. After averaging 16 rebounds a game in the first two rounds of the playoffs, his output fell to an average of 9.9 against the Pacers in the conference finals.

Part of Rodman's angst was over his in-and-out role in the starting lineup. Toni Kukoc was the choice of the Bulls' coach, Phil Jackson, to start with a favorable matchup against the Pacers. This time, with Malone posing such a menacing presence, Jackson is leaning toward making Rodman his starter.

Rodman realizes what kind of pressure is on him. "I have to stop Malone," he said. "I have to limit him to 18 or 20 points a game, and not give him 35. It's time to roll. And not make excuses."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	W	L	Pct.	GB
NEW YORK	34	22	.607	0
BOSTON	31	25	.552	3
TORONTO	28	29	.491	7
BALTIMORE	27	30	.474	8
MINNESOTA	26	31	.455	9
DETROIT	25	32	.438	10
KANSAS CITY	21	36	.362	14
CLEVELAND	20	37	.349	15
CHICAGO	19	38	.333	16
ST. LOUIS	18	39	.316	17
PITTSBURGH	17	40	.299	18
INDIANAPOLIS	16	41	.282	19
TEXAS	15	42	.265	20
SEATTLE	14	43	.248	21
OAKLAND	13	44	.231	22
NATIONAL LEAGUE	W	L	Pct.	GB
ATLANTA	31	23	.570	0
NEW YORK	29	25	.537	2
PHILADELPHIA	28	26	.519	3
ST. LOUIS	27	27	.500	4
CHICAGO	26	28	.481	5
PITTSBURGH	25	29	.463	6
INDIANAPOLIS	24	30	.444	7
TEXAS	23	31	.427	8
SEATTLE	22	32	.409	9
OAKLAND	21	33	.391	10
CLEVELAND	20	34	.373	11
BALTIMORE	19	35	.355	12
DETROIT	18	36	.337	13
KANSAS CITY	17	37	.319	14
MINNESOTA	16	38	.301	15
ST. LOUIS	15	39	.283	16
PITTSBURGH	14	40	.265	17
INDIANAPOLIS	13	41	.247	18
TEXAS	12	42	.229	19
SEATTLE	11	43	.211	20
OAKLAND	10	44	.193	21
CLEVELAND	9	45	.175	22

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	W	L	Pct.	GB
NEW YORK	34	22	.607	0
BOSTON	31	25	.552	3
TORONTO	28	29	.491	7
BALTIMORE	27	30	.474	8
MINNESOTA	26	31	.455	9
DETROIT	25	32	.438	10
KANSAS CITY	21	36	.362	14
CLEVELAND	20	37	.349	15
CHICAGO	19	38	.333	16
ST. LOUIS	18	39	.316	17
PITTSBURGH	17	40	.299	18
INDIANAPOLIS	16	41	.282	19
TEXAS	15	42	.265	20
SEATTLE	14	43	.248	21
OAKLAND	13	44	.231	22
NATIONAL LEAGUE	W	L	Pct.	GB
ATLANTA	31	23	.570	0
NEW YORK	29	25	.537	2
PHILADELPHIA	28	26	.519	3
ST. LOUIS	27	27	.500	4
CHICAGO	26	28	.481	5
PITTSBURGH	25	29	.463	6
INDIANAPOLIS	24	30	.444	7
TEXAS	23	31	.427	8
SEATTLE	22	32	.409	9
OAKLAND	21	33	.391	10
CLEVELAND	20	34	.373	11
BALTIMORE	19	35	.355	12
DETROIT	18	36	.337	13
KANSAS CITY	17	37	.319	14
MINNESOTA	16	38	.301	15
ST. LOUIS	15	39	.283	16
PITTSBURGH	14	40	.265	17
INDIANAPOLIS	13	41	.247	18
TEXAS	12	42	.229	19
SEATTLE	11	43	.211	20
OAKLAND	10	44	.193	21
CLEVELAND	9	45	.175	22

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	W	L	Pct.	GB
NEW YORK	34	22	.607	0
BOSTON	31	25	.552	3
TORONTO	28	29	.491	7
BALTIMORE	27	30	.474	8
MINNESOTA	26	31	.455	9
DETROIT	25	32	.438	10
KANSAS CITY	21	36	.362	14
CLEVELAND	20	37	.349	15
CHICAGO	19	38	.333	16
ST. LOUIS	18	39	.316	17
PITTSBURGH	17	40	.299	18
INDIANAPOLIS	16	41	.282	19
TEXAS	15	42	.265	20
SEATTLE	14	43	.248	21
OAKLAND	13	44	.231	22
NATIONAL LEAGUE	W	L	Pct.	GB
ATLANTA	31	23	.570	0
NEW YORK	29	25	.537	2
PHILADELPHIA	28	26	.519	3
ST. LOUIS	27	27	.500	4
CHICAGO	26	28	.481	5
PITTSBURGH	25	29	.463	6
INDIANAPOLIS	24	30	.444	7
TEXAS	23	31	.427	8
SEATTLE	22	32	.409	9
OAKLAND	21	33	.391	10
CLEVELAND	20	34	.373	11
BALTIMORE	19	35	.355	12
DETROIT	18	36	.337	13
KANSAS CITY	17	37	.319	14
MINNESOTA	16	38	.301	15
ST. LOUIS	15	39	.283	16
PITTSBURGH	14	40	.265	17
INDIANAPOLIS	13	41	.247	18
TEXAS	12	42	.229	19
SEATTLE	11	43	.211	20
OAKLAND	10	44	.193	21
CLEVELAND	9	45	.175	22

BASEBALL

MAJOR LEAGUE STANDINGS

Jeffrey J. Seaton, 171; J. Gershenberg, Team 172	34	22	.607	0
William J. Scott, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Louis Cardinals, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 172	17	40	.299	18
St. Pauli, 171; J. Gershenberg, Team 172	16	41	.282	19
St. Pauli, 171; J. Gershenberg, Team 172	15	42	.265	20
St. Pauli, 171; J. Gershenberg, Team 172	14	43	.248	21
St. Pauli, 171; J. Gershenberg, Team 172	13	44	.231	22

St. Pauli, 171; J. Gershenberg, Team 172	31	25	.552	3
St. Pauli, 171; J. Gershenberg, Team 172	28	29	.491	7
St. Pauli, 171; J. Gershenberg, Team 172	27	30	.474	8
St. Pauli, 171; J. Gershenberg, Team 172	26	31	.455	9
St. Pauli, 171; J. Gershenberg, Team 172	25	32	.438	10
St. Pauli, 171; J. Gershenberg, Team 172	21	36	.362	14
St. Pauli, 171; J. Gershenberg, Team 172	20	37	.349	15
St. Pauli, 171; J. Gershenberg, Team 172	19	38	.333	16
St. Pauli, 171; J. Gershenberg, Team 172	18	39	.316	17
St. Pauli, 171; J. Gershenberg, Team 17				

ART BUCHWALD

That's Some Catch

WASHINGTON — My friend Joseph Heller wrote a classic war novel titled "Catch-22." The story had to do with a bomb squad in Italy.

Anyone who is crazy does not have to fly the dangerous bombing missions. But if you say you don't want to fly the missions, then obviously you are sane, so you have to fly them. Catch-22 has become part of the English language.



Buchwald

I thought of it the other day when I read that the Supreme Court ruled you can't execute a killer if he is insane. You can kill him only if he is sane. So the object of the state is to cure the man so they can kill him.

I am not making this up. The court ruled, 7 to 2, that killing someone by lethal injection when he doesn't have his wits about him is cruel and unusual punishment. The

Two New Treasures Unearthed in Rome

New York Times Service

ROME — Italian archaeologists drilling near an ancient fresco that was recently unearthed in Rome have stumbled upon two new treasures: a striking mosaic and another detailed fresco thought to be 2,000 years old.

The discoveries were made at the Trajan Baths in the city's historic center, near the fresco depicting a bird's-eye view of the city that was discovered in March.

mission of the state is to get the psychiatrists to work on Ramon Martinez-Villareal's sanity.

Let us go to the death chamber where Ramon is sitting in his cell surrounded by psychiatrists.

"Ramon, we're asking you to be reasonable."

"Babble, babble, babble." "You're pretending you're insane just because you want to live. We all know you're faking it."

"Babble, babble, babble." "Ramon, why won't you take your medicine? This is the latest pill for schizophrenia, and it has been successful in 60 percent of our cases. Just try it. It doesn't have any side effects."

"Babble, babble, babble." "If something bothers you tell us. We wish to hear about it. We don't want you to go to heaven with any anxiety."

"Babble, babble, babble." "Oh, come off it, Ramon. You're just a spoiled murderer who is refusing to pay your debt to society. Would you be averse to taking electric shock? If it works, then we can get this silly business over with."

"Babble, babble, babble and more babble."

"Oh, shut up. If you keep babbling we're going to report you to the warden, and he'll put you on bread and water."

"Obscenity." "I think he's got it. By Jove, he's got it. Now repeat after me. The rain in Spain is mainly on the plain."

"Cock a doodle doo." "Well, he had it a minute ago. As far as I'm concerned, you're a lot saner than you pretend to be."

The Cross-Channel Feud: A World Cup of Insults

By Sarah Lyall
New York Times Service

LONDON — It is an exercise familiar to the millions of readers of Britain's populist tabloids. In times of national anxiety about their country's place in the world — when Britain is upset about Europe's impending single currency or its "anti-British" beef policy — the papers dust off their jingoistic lexicon, trying to buck up Britain by being rude about the French and the Germans.

The country's top press watchdog, Lord Wakeham, chairman of the Press Complaints Commission, usually responds by saying that in temperate language is the price of free speech in a free society.

But last month he apparently reached his breaking point when he picked up The Daily Star, one of the country's most raucous tabloids, and saw the headline: "Frogs Need a Good Kicking."

The headline, and The Star's editorial referring to France's "slimy Continental ways" as it prepares to be the host of the World Cup soccer tournament this month, moved Wakeham to say he did not think The Star was being at all funny.

Wakeham, whose group holds the newspapers to a voluntary code of conduct, was particularly worried, he said, about the possibility that Star-style coverage of the World Cup would provoke Britain's notoriously violent football hooligans to attack French people during the tournament.

The tabloids, he said, should make sure that "their reporting and their comment does nothing to incite violence, disorder or other unlawful behavior, or to foster any form of xenophobia that could contribute directly to such incitement."

In truth, The Star's editorial expressed — in crude terms — views that are widespread in Britain. Even as the country moves closer to the rest of Europe through the European Union, old-style prejudices against the Germans and the French seem to flourish as robustly



Nicholas Andrieu/MT

as ever, reflecting fears that Britain might be swallowed up by the new European order.

The issue of Britain's relationship with Europe is a crucial one, and there's a lot of widespread anxiety and doubt and skepticism," said Geoffrey Goodman, editor of The British Journalism Review. "But what minority prejudice exists in Britain is fanned and exaggerated by the tabloids."

Goodman said people should stand up to the tabloids with more vigor. "I think Wakeham's response was pathetically weak," he said. "He should have made it clear

that this is intolerable, that you don't behave that way in a civilized society."

As the World Cup approaches, the tabloids have not been the only ones being unpleasant to the French. The so-called quality papers, for instance, were just as quick to blame what they felt was typical Gallic bungling for the fact that millions of British soccer fans were thwarted by an endless busy signal several weeks ago when they tried to call a telephone number in France to order World Cup tickets.

About 10 million callers reportedly failed to get through on the

first day alone because, according to the papers, the French were jamming the telephone lines and hogging the tickets for themselves.

This is the World Cup, not the French Cup," The Times said in an editorial. Or, as The Daily Record put it, "Well done mes amis across at Froggie Telecom."

And it was portrayed as typical French incompetence when the French minister for tourism, a woman The Daily Mirror characterized as "thick as a parrot," blithely invited soccer fans without World Cup tickets to come to France anyway. Everyone knows,

the papers said, what happens when a bunch of ticketless British fans convene in a small place with a lot to drink and not much to do:

"Oui are not amused," noted The Daily Record.

Nor were the tabloids happy about Emperor Akihito of Japan's recent visit to Britain, during which he received an award from Queen Elizabeth II and was confronted by British World War II veterans who turned their backs and burned a Japanese flag as his motorcade passed by. While the tabloids routinely referred to the Japanese as "Japs" in their coverage of the furor, the humor magazine Private Eye ran a photograph of the Emperor on its cover, over the phrase "Nice Nip In the Air."

Surprisingly, though, Wakeham's comments seem to have inspired a bout of soul-searching at the tabloids, which have been fighting a brutal circulation war. Though The Star was defiant, saying of the French that it would continue "squeezing their escargots," Piers Morgan, editor of The Mirror, said he had learned a "salutary lesson."

"That was old-style tabloid humor," said Morgan, whose paper succeeded in offending even its own thick-skinned readers with a headline saying "Achting! Surrender" to the Germans in a soccer tournament in 1996. He vowed not to use words like "Frogs" and "Krauts" anymore.

"We have all probably realized that the appetite for this kind of thing has gone," he said. "We have to reflect the way readers change."

And Stuart Higgins, editor of The Sun, a Rupert Murdoch paper said he would be careful with the epithets. "We're not going to go out and say, 'We're going to invade France,' or encourage our fans to behave in a hooligan-type way," he said. But, he added, appearing to diminish his point a bit, that does not mean he has to be nice to the French. "In many ways," he said, "the French, in the way they've handled the ticket allocation, deserve a good kicking."

PEOPLE

THE comedian Phil Hartman and his wife, Brynn, left their estate — estimated at \$1.23 million — to their two children, according to the couple's nearly identical wills. A court hearing on the wills, both signed March 11, 1996, was set for July 1. Hartman, 49, was shot to death last week in his Encino, California, home, apparently by Mrs. Hartman, 40, who then committed suicide. The couple's 9-year-old son, Sean, and 6-year-old daughter, Birgen, were in the home at the time. The children will be raised by Mrs. Hartman's sister and her husband, who live in Wisconsin.

Peter Max, who rose to fame in the 1960s with his splashy colors on paintings of faces, butterflies and rainbows, was sentenced to two months in prison and a \$30,000 fine for income tax violations. Prosecutors say he cheated the government when he bartered his art for services and property. Max pleaded guilty last November to conspiracy to "unlawfully, willfully and knowingly" failing to pay a substantial amount of income taxes. He was ordered to pay all the taxes he owed and to perform 800 hours of community service. Max omitted from his federal income tax returns \$714,000 he received from sales in 1988 through 1991.

Art gallery visitors can now see Jerry Hall from a whole new angle. A nude portrait of a pregnant Hall was unveiled at the Tate Gallery in London as part of a new collection by the

British artist Lucian Freud. The postcard-sized painting of the Texan model and wife of Mick Jagger, shows her lying on one side, pregnant with her son Gabriel, now 6 months old.

Broadway's 1997-98 season attracted record audiences and receipts thanks to two rich and powerful newcomers, Disney and Canada's Livent, the League of American Theaters and Producers said in New York. Broadway theaters recorded

Movie Madness at N.Y.'s Modern

New York Times Service

NEW YORK — The Museum of Modern Art is in the midst of a five-year campaign to add at least 200 films to its archive of 14,000 titles by the year 2000.

Some of the harvest of the previously unannounced drive will be showcased this month, when works by Martin Scorsese, Woody Allen, Oliver Stone, Hal Hartley, Joel and Ethan Coen, and John Sayles will be presented in a summer series from June 19 through Sept. 12.

Still on the wish list are such films as Preston Sturges' "The Palm Beach Story" (1942), Nicholas Ray's "In a Lonely Place" (1950), John Schlesinger's "Midnight Cowboy" (1969), Billy Wilder's "Some Like It Hot" (1959) and Mel Brooks' "The Producers" (1968).

more than \$557 million in receipts during the season that officially ended May 31, an increase of 11.6 percent from the previous season. Nearly 11.3 million people — 9.4 percent more than in the 1996-97 season and 4.2 percent more than in the record 1980-81 season — attended Broadway productions. "The Lion King" and "Ragtime," two shows produced in the new theaters owned by Disney and Livent, had combined box-office receipts of \$44 million.

The Beav has turned 50. "Right now I feel like I could do 50 more," Jerry Mathers said. The star of the old TV sitcom "Leave It to Beaver" said he is in better shape now than he was as a younger man. He has lost 36 pounds (16 kilograms) in the last year after taking up a regular exercise program. "The doctor told me I was badly out of shape," he said. "I had high blood pressure and diabetes, and if I didn't take care of myself I wouldn't be here in another three to five years."

Two years after winning a breach-of-contract lawsuit, the actor Maximilian Schell got a post-applaud boost in his judgment against a German producer. A Superior Court judge in Los Angeles increased the award by \$167,000 to compensate the actor for delays in payment by Wolfgang Puck's Schell already had won nearly \$406,000 on his claim that Wolfgang Puck's Schell Concerts canceled a European production of "My Fair Lady" one month ahead of schedule in 1994.



ALL TOGETHER — The flamenco dancer Joaquín Cortés, left, with the actress Mira Sorvino and the designer Giorgio Armani in New York after a performance by Cortés to benefit breast cancer research.



(go down in history)

and use AT&T DirectSM Service. With the world's most powerful network, you get fast, clear, reliable connections from anywhere. Plus you'll always have the option of an operator who speaks your language. All it takes is your AT&T Calling Card or credit card, and you're well on your way. What an amazing culture we live in.

For easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.



AT&T Access Numbers					
Austria	022-903-011	Greece	00-800-1311	Saudi Arabia	1-800-10
Belgium	8-800-180-10	Ireland	1-800-550-000	Spain	900-99-00-11
Czech Republic	80-02-800-181	Israel	1-800-44-94-949	Sweden	020-795-011
Egypt (Cairo)	510-0200	Italy	172-1011	Switzerland	0800-09-0011
France	0-800-99-0011	Netherlands	0800-022-9111	United Kingdom A	0800-09-0011
Germany	0130-0010	Russia (Moscow)	755-5042	United Kingdom B	0500-99-0011

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at www.att.com/traveler



It's all within your reach.

Credit card calling subject to availability. Payment terms subject to your credit card agreement. Solid-faced countries permit country-to-country calling outside the U.S. Collect calling is available to the U.S. only. Country-to-country rates consist of the cost of a call to the U.S. plus an additional charge based on the country you are calling. You can call the U.S. from all countries listed above. *Pay phone deposit. *Limited availability. *Calling available to most countries. *Public phones require local coin payment during the call. *Dial "02" first, outside Cairo. *Additional charges apply outside Moscow. *Use U.K. access number in N. Ireland. *If call does not complete, use 0800-002-0011. ©1998 AT&T

صناديق من الذهب